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FINANCIAL TIMES

Europe's Business Newspaper

TUESDAY MAY 11 1993

D6523A

Hafnia files for bankruptcy with debts of \$1bn

Hafnia Holding, which formerly controlled Denmark's second largest insurance group, filed for bankruptcy with debts of about Dkr6.3bn (\$1.03bn), making it the country's biggest bankruptcy by a wide margin.

Hafnia Holding went into payments suspension in August last year. Its equity capital was eliminated by the fall in the value of the group's shareholdings in rival Danish insurer Balcica and Skandia, the Swedish insurance company. Page 17

Under pressure: The position of Asil Nadir, fugitive Turkish-Cypriot businessman, appeared to be weakening after Britain stepped up its diplomatic pressure on northern Cyprus. Page 6

Thyssen and Krupp-Hoesch: Germany's largest steel producers, said they would lead a consortium to take over part of the operations of the embattled Klockner-Werke group. Page 19

Blow to talks: The Palestine Liberation Organisation virtually suspended its role in Middle East peace negotiations, protesting at what it claimed were unfulfilled Israeli pledges. Page 16

Tax plan: The EC is expected this week to call for a dispute settlement panel under the General Agreement on Tariffs and Trade to take up a complaint over US environmental laws which tax cars heavy on fuel. Page 5

Touched by scandal: The meeting today of the Fiat board of directors has been overtaken by Italy's widening political corruption scandal, in which the country's biggest private company has been pitched into the front line. Page 16; PM set to win confidence vote. Page 3

Telecoms move: EC telecommunications ministers laid the foundations for opening ordinary telephone calls to competition by 1996. Page 2

Major signals a UK cabinet reshuffle

John Major, the British prime minister, has signalled that he is prepared to respond to the slump in the government's popularity by reshuffling his cabinet in coming months. Mr Major (left) was warned yesterday by Sir Norman Fowler, chairman of the ruling Conservative party, that he needed to restore his authority as party leader. Page 16; Interest rate speculation sends sterling lower. Page 16 and Lex

In the air: Two rivals in the world industrial gases business, BOC Group of the UK and US-based Air Products & Chemicals, announced similar agreements to purchase helium from Russia and sell it mainly in west European markets. Page 17

Poll issue: The collapse last year of the \$5bn investment in Spain by the Kuwait Investment Office has taken centre stage in Spanish politics ahead of next month's election. Page 2

Schering: Berlin-based pharmaceuticals and agrochemical group, confirmed it was holding talks with Hoechst aimed at merging the two companies' agrochemical operations. Page 18

Marzotto: Italy's second-biggest clothing and textiles group which controls Germany's Hugo Boss, deflated expectations of soaring exports on the back of lira weakness. Page 18

Deal delay: Agreement on a strategy for developing advanced wide-screen television was still blocked last night by a dispute between Britain and its EC partners. Page 2; Lex, Page 16

GPA Group: troubled aircraft leasing company has established a working party to look at the implications of examination, the Irish equivalent to administration. Page 17

Fatal landslide: At least 100 people were dead or missing after a landslide in southern Ecuador buried a small gold mining village. Civil Defence officials said.

Poor payers: British companies are finding it increasingly difficult to persuade continental European customers to pay their bills on time - or at all. Page 6

Canon: Japanese manufacturer of cameras and office equipment, warned that profits for the current year were expected to be less than half its earlier forecast. Page 20

Inside jobs: Thieves broke into a Vienna prison and made off with \$500,000 (\$4,500) after unlocking a safe. Austrian police said.

STOCK MARKET INDICES		STERLING	
FT-SE 100	2625.8 (+38.1)	New York last close	1.534
Yield	4.00	London	1.534
FT-SE Eurotrack 100	1142.74 (+0.33)	Frankfurt	1.535 (1.575)
FT-AI All-Share	1394.42 (+1.14)	DM	2.4225 (2.422)
Nikkei	21,954.71 (+243.33)	FF	2.2225 (2.2475)
New York last close	2463.40 (+25.30)	Sfr	71.55 (71.73)
Dow Jones Ind Ave	4443.00 (+2.53)	£ index	79.9 (80.9)
US LUNCHTIME RATES		DOLLAR	
Federal Funds	2.75%	New York last close	1.1825
3-mo Treas Bill: 90	2.82%	DM	1.2225
Long Bond	10.93	FF	1.4225
Yield	6.82	Sfr	1.4225
LONDON MONEY		YEN	
3-mo Interbank	5.75%	London	1.1825
Life long gilt rate: Jan 1992 (Jan 1993)	10.92%	DM	1.2225 (1.5825)
NORTH SEA OIL (Austrian)		FF	2.4225 (2.3225)
Brut 15-day June	\$18.19 (same)	Sfr	1.4225 (1.4275)
Gold		£ index	84.2 (83.3)
New York Comex June	\$357.2 (357.4)	Tokyo close Y 110.27	
London	\$358.75 (357.4)		

Foreign ministers call on US and Russia to back UN effort with troops EC firms on Bosnia peace plan

By Lionel Barber in Brussels

THE EUROPEAN Community yesterday called on the US and Russia to send troops to bolster an expanding United Nations-led effort to create "safe areas" for refugees in eastern Bosnia.

The call represents a stiffening of European opposition to the Clinton administration's plans to arm the Bosnian Muslims and a determination to press ahead with economic sanctions to force the Bosnian Serbs to sign the Vance-Owen peace plan.

During a meeting of EC foreign ministers in Brussels, the Europeans played down differences with the US over the Bosnian conflict.

Ministers declared that all options, including military, remained open; but their desire to seize the diplomatic initiative

from Washington soon became evident.

Mr Alain Juppé, French foreign minister, won support for his view that the recent split within Serbian ranks over the Vance-Owen plan represented a significant development which reflected the impact of sanctions on the Serbian regime headed by President Slobodan Milosevic.

Ministers agreed it was necessary to test Mr Milosevic's pledge to seal the border with Bosnia, possibly by sending EC civilian observers to see if economic supplies such as fuel and spare parts were filtering through to the Bosnian Serbs.

Bosnian Serb leaders yesterday accused their former Belgrade patrons of stopping them from leaving their self-styled state, saying Serbian police had refused

to allow them to cross the frontier.

But the EC proposal which is likely to draw most attention is the French idea to renew invitations to the US - along with Russia and other large powers - to join the UN-led international peacekeeping effort in Bosnia.

Mr Douglas Hurd, UK foreign secretary, said he welcomed the French plan which aims to put teeth into the latest UN resolution to protect Muslim refugee enclaves encircled by Serbian artillery.

French officials said the plan was to use US, British, French and Russian forces to enter safe areas for the Muslims, raising the stakes for Bosnian Serbs. Mr Juppé commented: "They will think twice before attacking [these areas]."

The Clinton administration has

remained wary of agreeing to send US ground forces until the warring parties commit themselves to the Vance-Owen plan and a ceasefire is in place.

Yesterday Washington signalled that it would not move closer to military action in Bosnia before a weekend referendum by Bosnian Serbs on the peace plan. "Bosnia is in a holding period at this time," said Ms Dee Dee Myers, White House press secretary.

During a diplomatic mission to Europe last week, Mr Warren Christopher, US secretary of state, made no secret that the US favoured arming the Bosnian Muslims rather than the riskier course of direct US military intervention. The latest EC initiative may therefore be seen as an attempt to sidetrack the military options.

A senior UK official, noting that the Europeans, particularly the British and French, have already put troops in place to assist in humanitarian operations, said: "There is always a different view among those people who are on the ground and those who are spectators."

During the Brussels talks, EC foreign ministers dismissed the Bosnian Serb referendum as a stalling device. Lord Owen, the EC mediator, said it did not have "an ounce of credibility".

Ministers also condemned the latest outbreak of violence against Muslims in central Bosnia, laying the blame with the Croats. But they avoided any discussion of sanctions against Croatia. Mr Klaus Kinkel, German foreign minister, is to hold talks with Croat leaders in Zagreb on Friday.

Danes offered tax break to win Yes vote

By Hilary Barnes in Copenhagen

THE Danish government is putting the finishing touches to a tax reform proposal it will put forward this month if the voters approve the Maastricht treaty and Denmark's opt-out deal in next Tuesday's referendum.

The income tax reform is expected to provide for substantial reductions in marginal income tax rates, especially for middle-income groups.

Mr Poul Nyrup Rasmussen, the Social Democratic prime minister, who heads a four-party majority coalition government, is telling the voters that if there is a Yes in next week's plebiscite, the second on closer European union, the government will devote its energies to bringing down unemployment, which is running at 12 per cent.

The government's appeal to economic interest seems to have struck a chord with voters.

A poll in Boersen, the business newspaper, yesterday found that 40 per cent of those planning to vote Yes next week said they would do so because it would improve economic conditions. As Tuesday's vote approaches, the substantial majority for the pro-Maastricht side earlier in the year has begun to slip.

The anti-Maastricht movements have taken heart from comments by Mr Martin Bangemann, the EC commissioner for industry, to the effect that the Maastricht treaty could be used to force a federal Europe.

Ms Drude Dahlerup, a prominent figure in the leftwing-dominated anti-Maastricht June Movement, said she was convinced Mr Bangemann's statement would boost the No vote. "It will help people to see that the politicians are out to cheat them," she said.

Denmark's four opt-outs - on defence, the common currency, supranational legal and police co-operation, and union citizenship - were specifically designed to meet the electorate's fears that the country would lose its independence and identity by implementing the Maastricht treaty.

Taxes on incomes, fuel and alcohol increased and spending programmes reduced

Balladur moves to cut French budget deficit

By David Buchanan in Paris

MR Edouard Balladur, the French prime minister, announced wide-ranging measures yesterday to rein in France's growing budget and social security deficits, to give its stalled economy a selective boost and to plug the financial hole in its social security system.

Acting after only five weeks in office, Mr Balladur said: "It is no longer possible to wait any more" before moving to reduce the overall deficits. These would otherwise rise to more than FF400bn (\$74bn) this year - 5.8 per cent of national output.

With a FF7.7bn increase in alcohol and petrol taxes and a FF2.15bn reduction in current spending programmes, he said he hoped to restrain the budget deficit to FF331bn this year, or 4.5 per cent of gross domestic product.

At the same time, he is giving a FF12.5bn boost to housing, public works and job-creating measures this year.

The broadest increase will be in the *contribution sociale généralisée* (CSG), which taxes earned and unearned income. It is to rise from 1.1 per cent to 2.4 per cent, with much of its proceeds to be devoted to plugging the hole in the social security system.

Mr Balladur acknowledged the dilemma of increasing taxes during a recession, which the government estimates will reduce national output by 0.1 per cent this year. He said: "I would like

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to have reduced social charges (like the CSG), but the priority is to put a stop to the growing deficits."

The prime minister was speaking after a cabinet meeting at which the government also approved the draft statute to give the Bank of France autonomy in monetary policy.

At the cabinet meeting, President François Mitterrand questioned whether the constitution would allow the government to surrender control over monetary policy before the Maastricht treaty on European unity, which in the long term obliges it to give up that control, comes into effect.

Mr Balladur conceded that that was "a legally delicate matter", which would require careful consultation over the precise timing of independence for the French central bank.

Mr Balladur warned: "The exponential growth of the deficit and the debt risks deprive France of all margin of manoeuvre, in particular to pursue the lowering of interest rates on which we have embarked."

He said that while short-term rates had come down - reducing government debt service by FF3bn for every full percentage-point cut - the public debt was more affected by long-term rates, which had shown a lesser decline.

The new French conservative government inherited from the Socialists a budget that assumed 2.5 per cent growth this year. As a result, it overestimated revenue by about 10 per cent, or FF124bn, and underestimated spending by some FF44bn, Mr Nicolas Sarkozy, the budget minister said.

On the tax side, the government is counting on the increased CSG to bring in an extra FF25bn this year, as well as FF7.7bn from alcohol and petrol taxes, which will of course also be paid by France's many foreign tourists this summer.

US stance on whaling ban rejects controlled hunting

By Robert Thomson in Kyoto

THE US government toughened its environmental policy yesterday, demanding that the international Whaling Commission maintain a ban on whaling regardless of scientific findings.

Pro-whaling nations such as Japan and Norway said the US decision increased the likelihood that the body would collapse. An IWC scientific committee report appeared to clear the way for limited catches in the north Atlantic and in the Antarctic.

Most of the 32 countries represented at the IWC's annual conference, which opened in Kyoto yesterday, are in favour of extending the decade-long moratorium, though few have been as blunt as the US. Its stance suggests that the usually accepted principle of "sustainable development", in which resources can be exploited if they are renewable, does not apply to whales.

US officials said the decision followed a policy review by the

Clinton administration, which concluded that a resumption of commercial whaling would not be supported even if the "request assessment and management procedures" are agreed by the IWC.

The US went further than the UK government and most other western countries, and could prompt debate on a similar toughening of controls over fauna and flora covered by other international agreements.

Mr John Gummer, the UK minister of agriculture, fisheries and food, in a written statement said yesterday that lifting the ban could not be contemplated until whale numbers were verified.

"Bear in mind that the timetable for the IWC's work needs to be seen in the context of the long history of man's reckless and ruthless exploitation of whale stocks," he said.

A report prepared by the IWC's scientific committee made clear that there appeared to be sufficient stocks for small quotas of

minke whales in Antarctica and in the north Atlantic. The committee does not have the power to set catch limits, and referred the matter to the commission.

However the UK still has concerns about the humanitarian enforcement of any future agreement for limited catches. UK officials said a lifting of the ban is unlikely, but they also expect a proposed vote on a "whale sanctuary" in the Antarctic will not succeed.

The Norwegian representatives said their government would reconsider its IWC membership after the conference, ending on Friday.

In opening the conference, Mr Masumi Tamaki, Japan's agriculture minister, said the IWC should adopt an environmentally responsible policy, not unfairly influenced by emotional and political considerations.

Whale-watching nets big cash, Page 4

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NEWS: EUROPE

Fears for civilians taken from besieged Bosnian city of Mostar

Croat-Moslem ceasefire agreed

By Laura Silber in Belgrade

A CEASEFIRE was due to come into effect in the Bosnian city of Mostar last night after a second consecutive day of Bosnian Croat attacks on Moslem-led government troops, as Sarajevo radio accused the Bosnian Croats of blatant "ethnic cleansing" of the southern city.

United Nations officials said there were fears for the safety of Moslem civilians, who they said had been taken out of the town in buses after being held in the town football stadium.

"The town was in flames all night," reported Sarajevo radio, while television pictures showed columns of smoke rising from Mostar, already heavily damaged last year in attacks by the Serb-dominated Yugoslav army.

The television also showed hundreds of Moslems apparently being marched out of the city by troops of the Croatian Defence Council (HVO).

A UN statement said Bosnian Croat troops escorted 10 busloads of civilians, including women and children, out of Mostar.

The renewed fighting has blocked a key humanitarian aid route to central Bosnia.

Unconfirmed reports yesterday said dozens of people had been killed and wounded. Croatian radio said seven Croat fighters and one civilian had



Watch over Mostar: A Bosnian Serb soldier crouching behind rocks looks down on the city where Moslems and Croats are fighting

been killed in fighting on Sunday.

A local priest appealed to all hospitals, which were under HVO control, to treat the wounded equally.

Croatia condemned the newest outbreak of fighting between the one-time allies, although Sarajevo radio

claimed that regular units of the Croatian Army were backing the HVO assault.

The fighting appeared to be an attempt by the Croats to exert full control over the Mostar region, which has been designated as Croat under the Vance-Owen peace plan.

Elsewhere, UN observers reached the eastern town of Zepa which is besieged by Serb forces.

They said that thousands of Moslems had fled the enclave and that only 50 people out of an estimated 30,000 remained in the town.

UN Protection Force spokesman Commander Barry

Freder, giving details of what the observers had found, said: "The township itself is almost deserted. The majority of the houses have been badly damaged."

"There has been heavy fighting, heavy shelling, people have fled into the hills," he added.

Confusion over Belgrade border ban

By Laura Silber in Belgrade

BOSNIAN Serb leaders yesterday accused their former Belgrade patrons of barring them from leaving their self-styled state.

In often conflicting statements, officials of the self-proclaimed Serb state, which covers some 70 per cent of Bosnia, said Serbian police had refused to allow them to cross

the frontier. The ban, if confirmed, would signal another move by the Serbian president, Mr Slobodan Milosevic, to punish the Bosnian Serbs for refusing last week to toe the Belgrade line and support an international peace plan.

Just hours after they rejected the plan, Serbia announced it was cutting off all supplies, except for food and medicine to Bosnia. Serb

held parts of Bosnia, devastated by war, depend almost entirely on Belgrade.

Mr Radovan Karadzic, the Bosnian Serb leader, said: "We are just sad. We know they are squeezing and blackmailing."

Mr Dragisa Jokic, his aide, speaking from Pale, the Serb mountain stronghold, said: "The president did not even try to cross the border. But we received notice from the police

that our ministers were banned from crossing."

But an official of the Yugoslav interior ministry denied the ban, reported Tanjug, the Belgrade news agency. Even an aide of Mrs Biljana Plavsic, a hardline member of the leadership, who first claimed to have been blocked at the border, said: "It is just confusion."

Mrs Plavsic, who at Pale publicly snubbed Mr Milosevic by refusing to shake his hand, said border police had handed her a notice which said officials were not allowed in.

"They said they were sorry, but they could not let me cross into Yugoslav territory," Tanjug reported Mrs Plavsic as saying.

Mrs Plavsic managed to cross but did not reveal how she reached Serbia.

Pact on wide-screen TV still eludes EC

By Andrew Hill in Brussels

AGREEMENT on a European strategy for the development of advanced wide-screen television was still blocked last night by a dispute over funding between Britain and its 11 EC partners.

But British officials said telecom ministers were closer than ever before to a deal on advanced television, based on a compromise tabled by the Danish presidency of the Community.

Earlier, Mr Edward Leigh, the British telecom minister, indicated that the UK was not prepared to back a funding plan which would cost the Community more than Ecu150m (£118.5m) between now and 1998.

The UK's EC partners welcomed this as the first sign that Britain, which has been blocking a deal for 18 months, was prepared to allow any Community funding for such a plan. But most member states believe at least Ecu200m is necessary to kick-start what they hope will be a lucrative market for wide-screen, cinema-quality television in Europe.

Failure would not necessarily lead to the disintegration of the Commission's seven-year-old ambition to back European advanced television against US and Japanese competition. Discussion would almost certainly resume on June 16 at a special meeting of telecom ministers in Luxembourg.

Under the Danish plan, the Community would match funds put up by programme-makers and broadcasters wishing to develop programmes in the new wide-screen format. Some of the total EC funding would be held in reserve to back projects submitted later by countries with less well-developed audio-visual industries.

EC backs phone charges reform

By Andrew Hill in Brussels

EC telecommunications ministers yesterday laid the foundations for opening ordinary telephone calls to competition by January 1 1998.

Ministers voiced their general support for the 1998 deadline for liberalisation of domestic and international telephone calls, as laid out in European Commission proposals published last month. But there was less enthusiasm for the possibility of allowing rival networks to compete by

exploiting existing infrastructure or building new networks.

The ministers also reached agreement on a technical directive which will harmonise conditions for companies which want to use telecom networks to provide voice services and lay out users' rights of access.

The directive on so-called "open network provision" (ONP) for voice telephony is a prerequisite for further liberalisation of telephone calls.

On the wider liberalisation proposals, a number of member states - Greece, Spain, Portugal, Belgium and Ireland - said they would need more than five years to improve their own networks.

The Commission has suggested that countries with particular difficulties could be granted a two-year extension of the deadline.

The speed of liberalisation will be the main battleground when ministers begin in-depth discussions on the timetable at their next scheduled meeting on June 16.

Britain, which wants swift liberalisation, said slow progress would hamper European industry.

"The date of 1998 is already too long and certainly any question beyond that is out of the question," said one UK official yesterday.

However, Britain welcomed the more flexible attitude of the new French coalition government.

Paris has now given broad backing to the Commission's proposals, while calling for the Community to create favourable conditions for private innovation in the sector.

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Still not ready to take the credit for reform

Leyla Boulton and Edward Balls on how big subsidies continue to cripple Russia

MORE THAN two weeks after President Boris Yeltsin's referendum victory, the prospects for Russia's economic reforms seem as precarious as ever.

While the reformers struggle to retain influence within the government, the Russian central bank is again in the firing line for lax credit policies which are expected to fuel an acceleration in inflation over the next few months.

The reformers have tried to pin the blame for inflation on Mr Viktor Gerashchenko, the central bank governor, who has been publicly portrayed by both the president and radical ministers as an enemy from within who is recklessly flooding the economy with inflationary credit.

"The reformers are still engaged in a battle with the central bank for tighter credit," former prime minister Yegor Gaidar said in London last week.

Moscow abounds with rumours of Mr Gerashchenko's imminent replacement. One scenario now being rehearsed by radicals is for Mr Boris Fyodorov, the finance minister, to take over the central bank governor's job. This might be accompanied by the return to the finance ministry of Mr Gaidar, although he has denied that he has received any such invitation.

The central bank has reacted angrily to these rumours. "To me it is plain silly to blame the central bank," says Mr Alexander Khandruev, a deputy governor at the central bank. "It is very hard for the bank to implement a tough monetary policy if the government keeps increasing state credits to regions and enterprises."

Mr Sergie Vassiliev, director of the government's Centre for Economic Reform, confirms that government demands for credits from the central bank have increased in recent weeks. "Thirty per cent monthly inflation reflects the government's inability to control its expenditures," he says.

If Mr Gerashchenko is to blame, it is because he should be saying No to government requests for credits.

Even Mr Fyodorov has found it difficult to practise the financial orthodoxy he has preached to the central bank. Having pushed the central bank to increase interest rates, he has failed to wean the finance ministry off the special low interest rates it continues to pay on central bank credit to finance the budget deficit.

At the root of the inflation problem are subsidies that the

Russian state is still paying to the enterprise sector. Experts at western financial institutions estimate that explicit budget subsidies were equivalent to a little over 20 per cent of gross domestic product last year, mainly to enterprises.

But the same amount again was paid to enterprises through off-budget credits from the central bank and the ministry of finance.

Recent monetary data had

been relatively encouraging, with the monthly inflation rate falling to 21 per cent in March from 26 per cent in February and the growth of central bank credit dropping into single figures. But a rise in government spending and bank credits in

the promised western aid.

But G7 officials, desperately searching for signs that President Yeltsin is using the referendum result to press ahead with reforms, have so far been disappointed. Instead, President Yeltsin has appeared to dilute the government's radical content by appointing two first deputy prime ministers without radical credentials, which has tilted the balance in the cabinet in favour of the conservatives.

An increasingly gloomy Mr Fyodorov wrote last Friday in the newspaper Ivestia that the two weeks since the referendum endorsed radical economic reforms had been wasted. The government was taking no action to close ailing state-owned enterprises while the central bank was continuing to supply the credit to keep them going.

"For instance, the level of subsidies to the coal industry are at least two trillion roubles," Mr Fyodorov wrote. "At the same time everybody recognises the need to close down dozens of inefficient coal mines but nobody is doing anything about it. Is there any country in the world where coal subsidies account for 20 per cent of budget revenues?"

Neither Yeltsin's government nor the central bank seems willing to shoulder the responsibility for turning off the money tap

Neither side is blameless. Both the central bank and the government find it much easier to accuse each other than face up to the monumental difficulties involved in bringing inflation under control.

"It is very dangerous to make the central bank a scapegoat," says Mr Khandruev. "The central bank should be organising a payments system, stabilising the rouble and managing a tight monetary policy, not be dragged into political confrontation," he says.

"You can replace Mr Gerashchenko but what will happen tomorrow? Somebody has got to take the burden of responsibility on their shoulders."

Senior officials from the group of seven industrialised countries say they will require evidence that credit emissions are being controlled and subsidies are being cut before they will release

the weeks preceding the referendum are expected to cause inflation to accelerate back towards 30 per cent over the next few months.

A rise in the monthly credit emissions and inflation could not come at a worse time for Russia's reformers, who are negotiating a tough credit stance with officials from the International Monetary Fund in order that promised western aid can be released as early as the end of this month.

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A rise in the monthly credit emissions and inflation could not come at a worse time for Russia's reformers, who are negotiating a tough credit stance with officials from the International Monetary Fund in order that promised western aid can be released as early as the end of this month.

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the weeks preceding the referendum are expected to cause inflation to accelerate back towards 30 per cent over the next few months.

KIO's Spanish collapse becomes top election issue

By Peter Bruce in Madrid

THE COLLAPSE last year of the \$6bn investment in Spain by the Kuwait Investment Office (KIO) has taken centre stage in Spanish politics ahead of next month's election.

The opposition is calling for legal action against Prime Minister Felipe Gonzalez and members of the government for failing to supervise Kuwaiti activities in Spain.

The issue threatens to reignite a row over Madrid's responsibility in the collapse of

the KIO's Spanish empire, which may yet destroy the country's highest fertiliser, chemicals and foods companies, with a potential loss of 30,000 jobs.

Unions and opposition politicians said last year that the government had been negligent in allowing the Kuwaiti government's foreign investment arm into Spain without scrutinising each of its investment proposals in cabinet first.

The government has replied that it did not know that the companies through which the

KIO was investing in Spain were controlled by the state of Kuwait. But, according to a report released yesterday by the conservative opposition party, the Partido Popular (PP), which some opinion polls put slightly ahead of Mr Gonzalez's socialists, the government has been lying.

"The KIO is and always has been a part of the State of Kuwait," said Mr Francisco Alvarez-Cascos, secretary general of the PP.

That is well known but the government has so far managed to confuse critics by saying it never knew enough about the KIO.

Mr Carlos Solchaga, the finance minister, said earlier this year he had always thought the KIO investments were private.

Under Spanish law, investments by a sovereign state require cabinet scrutiny and approval. In this case of the KIO, the Kuwaitis moved billions of dollars in profit and investment into and out of Spain between 1986 and 1992, it seems, without the cabinet

ever being asked to see one piece of paper.

Yesterday Mr Alvarez-Cascos produced a letter, written in June 1988 by Mr Manuel Conthe, then director general of external transactions in the Finance Ministry and since promoted to head of the Spanish Treasury, which strongly contradicts the government's current position.

Addressing himself to the secretary of state for commerce and the finance minister's chief of cabinet, Mr Conthe said the "investments by the KIO in

Spain fall fully within (the law) requiring their prior authorisation by the cabinet. Given that until today... these investments have been treated as private, there exists a clear divergence between the law and the reality."

While the PP report does little more than confirm that the government knew what everyone else knew, and while its timing is clearly electoral, the letter will add to the widespread impression in Spain that the government has not been rigorous with the law.

Mr Balladur is proposing that the French should work a bit longer for a slightly less generous pension. At present, the French qualify for a full pension after 37.5 years of work; this threshold would be raised gradually to 40 years. At the moment, pension levels are based on the average of a workers' 10 best-paid years; the level will now be calculated over a 25-year period.

But France still faces the problem that, along only with Italy inside the EC, its pension system is still run hand-to-mouth, with contributions coming in from the employed forming the sole source of money being paid out to the retired. Unlike the other 10 EC states, France does not yet have a system of private pension funds, invested in the stock market and providing a supplement to the state scheme.

According to Banque Indosuez, only half of French households pay income tax at all, compared with three quarters in most other industrialised countries. For those who do pay something to the fisc (tax office), deductions allow them to take an average of half their disposable income out of their taxable income. Mr Balladur was himself responsible for narrowing the income tax base when he was finance minister in 1986-88. Now heading a government which came to power promising to put more into people's pockets than it takes out, he did nothing yesterday to remedy his earlier acts.

But he is looking to the redoubtable Mrs Simone Veil, the ministerial overlord for social services, to find up to

without yesterday's corrective measures - would rise to nearly FF135bn by the end of this year.

Increasing the CSG is a very useful of righting the imbalance in welfare funding. It bears not only on salaries, but also on unearned income such as dividends, and is therefore more "progressive" than social security contributions. But it was introduced in 1980 by the Socialists, and as such is strongly disliked by Mr Balladur's conservative coalition.

As a sop to his supporters, Mr Balladur is proposing that the extra 1.3 per cent in CSG payments should be deductible from individuals' income tax.

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Strike threat recedes in Sweden

By Christopher Brown-Humes in Stockholm

THE PROSPECT of serious industrial unrest in Sweden receded yesterday after engineering unions accepted a 3 per cent wage rise over two years.

The pact averted an overtime ban affecting 400,000 workers, due to start yesterday, and is expected to be a benchmark for wage talks in other sectors of the recession-hit economy.

"This means there will probably not be a general strike or large industrial conflict this year," said Mr Mats Eriksson, a spokesman for the LO blue collar trade union confederation. Many of Sweden's big multinationals welcomed the breakthrough and bond prices reacted positively.

Under the Danish plan, the Community would match funds put up by programme-makers and broadcasters wishing to develop programmes in the new wide-screen format. Some of the total EC funding would be held in reserve to back projects submitted later by countries with less well-developed audio-visual industries.

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Failure would not necessarily lead to the disintegration of the Commission's seven-year-old ambition to back European advanced television against US and Japanese competition. Discussion would

US softens its policy on Ukraine

By Chrystia Freeland in Kiev

Mr Strobe Talbott, America's special ambassador to the former Soviet Union, yesterday launched a softer US policy towards Ukraine, having apparently realised that efforts to pressure Ukraine to fulfil its pledge to become non-nuclear have succeeded only in strengthening Kiev's growing pro-nuclear lobby.

"This visit demonstrates that a new, independent state and a new administration in Washington have been able to turn over a new leaf in their relations," Mr Talbott said.

The most concrete result in the shift from cool relations to meetings, which Mr Talbott described as "cordial", was an American offer to act as a mediator between Ukraine and its sometimes hostile neighbour, Russia.

"We told our Ukrainian hosts that the US would like to try to find a way to serve as a facilitator in the complex relations that exist between Ukraine and Russia, if that is acceptable to both sides," Mr Talbott said.

These are reassuring words for Ukrainian officials, who in the past few weeks have expressed fears that the US was willing to act in concert

with Russia in an attempt to pressure Kiev into surrendering its nuclear missiles.

A sign of the thaw in the US-Ukrainian relationship was Mr Talbott's last-minute meeting with the Ukrainian president, Mr Leonid Kravchuk, who had initially refused to meet the US envoy.

A senior Ukrainian official said that the US delegation had made an important new proposal with regard to Ukrainian security. He said that he expected an American announcement on this issue in the near future.

Finding an arrangement which assuages Ukraine's security concerns could have a crucial impact on the Ukrainian parliament, which is scheduled to begin debate about the Strategic Arms Reduction Treaty and the Nuclear Non-Proliferation Treaty next week.

Ukraine's tentative rapprochement with the US could also help clear the way for assistance from the International Monetary Fund.

Ukrainian officials have said that if the government succeeds in its campaign to take tighter control over the central bank later this month they could receive an initial tranche of \$250m by the end of July.

Debts cloud mayor's vision of Nîmes reborn

Mr Jean Bousquet this month celebrated one of the highlights of his decade as mayor of the city of Nîmes in southern France with the inauguration of the Carré d'Art, a spectacular new modern art museum and médiathèque designed by Sir Norman Foster, the British architect.

The Carré d'Art was conceived as a counterpart to the nearby third-century Roman temple, Maison Carrée. It has cost FF383m (\$70.7m) and is by far the most grandiose of all the buildings commissioned by Mr Bousquet since he launched his ambitious architectural programme 10 years ago.

But instead of marking the summit of Mr Bousquet's achievements, the opening of the Carré d'Art has been clouded by concern about the cost of Nîmes' new buildings in these difficult economic times.

Nîmes was in decline when

Alice Rawsthorn on a southern town's revival efforts

Mr Bousquet, the conservative chairman of the Cacharel clothing company, became mayor in 1983. It was a sleepy southern tourist town. Young people were drifting away, leaving an ageing population behind them.

The new mayor was particularly frustrated by the contrast between Nîmes and neighbouring Montpellier. The two cities were the same size in the early 1980s. But Nîmes had since shrunk, while Montpellier was thriving thanks partly to the dynamic arts and economic policies of Mr Georges Frêche, its Socialist mayor and one of Mr Bousquet's local rivals.

Mr Bousquet started his own regeneration strategy. While President François Mitterrand was flinging up the *Grands Projets*, his pharaonic archite-

tural schemes in Paris, Mr Bousquet initiated his own *Petits Projets* in Nîmes. The level of investment rose from FF88m in 1982, the year before Mr Bousquet became mayor, to a 1988 peak of FF408m.

Nîmes has emerged with an impressive collection of contemporary buildings, including the Carré d'Art, the Nemausus housing project by Mr Jean Nouvel of France, and a sports stadium by Italy's Mr Vittorio Gregotti. Mr Bousquet has also drafted in famous French designers including Ms Andrée Putnam, who overhauled the city's park benches, and Mr Philippe Starck, who created a civic logo.

Mr Bousquet has undoubtedly succeeded in modernising Nîmes' image. The Georges Pompidou Centre in Paris even

staged an exhibition dedicated to his architectural policy. But his new buildings were intended to attract more than critical praise. They were also supposed to encourage an economic revival.

There are some positive signs. The exodus from Nîmes has stopped. The population has grown by about 4,000 to 133,607 since 1983 and 2,000 jobs have been created.

But the city has also been left with heavy debts, and the level of unemployment, at 17 per cent, is still well above the national average of about 10 per cent.

Mr Bousquet now faces the challenge of reducing the debt and tackling unemployment. He has stopped spending so much money, with investment falling to FF283m last year

from its 1988 peak. The level of debt per inhabitant has fallen from FF3,802 in 1989 to FF2,335 in 1992.

But Mr Bousquet's hopes of reducing it further by selling land to private developers - as Mr Frêche did in Montpellier during the buoyant 1980s - could be impeded by the sluggishness of the property market. The recession could also hinder his hopes of capitalising on the publicity generated by Nîmes' new buildings to attract investment.

At present local attention is distracted from these issues by the furor over the dismissal of Mr Simon Casas, high-profile director of the Arènes.

Mr Casas, a former matador who relaunched the Arènes (arena) by bringing in a string of celebrity bullfighters, un-

successfully challenged one of Mr Bousquet's allies for a conservative candidacy in this spring's parliamentary elections. Three days after the elections he was fired, triggering a blistering row with Mr Bousquet.

Once the row has died down, and the excitement of the Carré d'Art opening evaporates, Mr Bousquet and the Nîmois will have no more distractions from the mundane matters of paying off debts and creating jobs in a chilly economic climate.

Another *Petit Projet* is in the pipeline: a university for 4,000 students on the site of the 17th century Fort Vauban. Mr Bousquet has also begun an ambitious urban plan to redefine the city's boundaries, extend its green spaces and link the ancient aspects of its architecture by new roads including an 8km Grand Axe designed by Sir Norman Foster.

Italian PM set to win a second confidence vote

By Haig Simonian in Milan

THE Italian government of Mr Carlo Azeglio Ciampi looked set yesterday for a comfortable victory in a vote of confidence in the senate, the upper house of parliament, which is sched-

uled for later this week. The debate, marking Mr Ciampi's second parliamentary test within a week of last Friday's successful vote of confidence in the chamber of deputies, came during a sharp rise in the value of the lira as back-

ing for the new government gathered momentum.

The lira was quoted at L916.88 against the D-Mark, its highest level since early January. The currency started gathering strength last week as dealers regained confidence

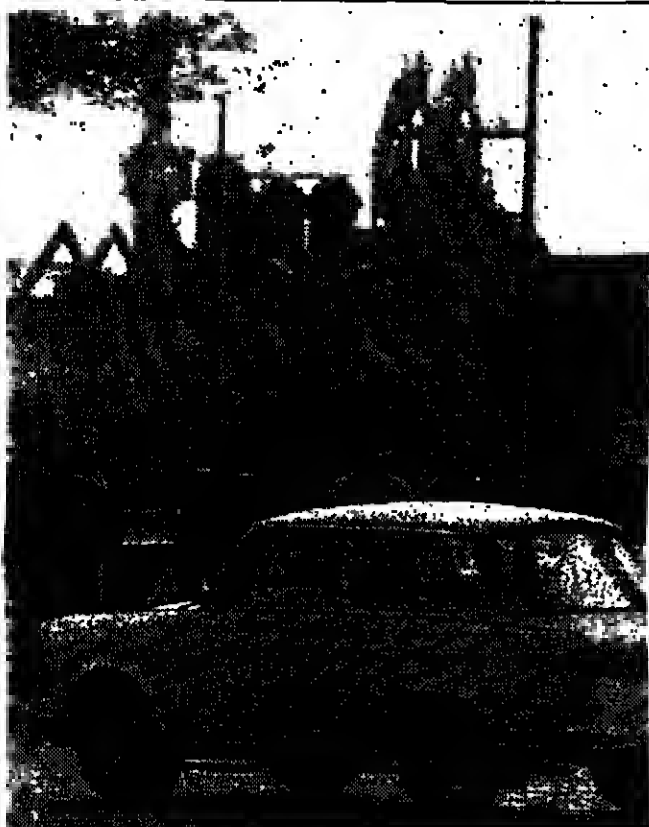
in Mr Ciampi's government after a shaky start when four ministers resigned within hours of taking office.

The upturn came as Mr Antonio Fazio, Mr Ciampi's successor as governor of the Bank of Italy, told fellow cen-

tral bankers in Basle that a recovery in the Italian economy could not come through lower interest rates alone.

Mr Fazio is expected to follow Mr Ciampi's line in urging further action to cut the budget deficit. Like Mr Ciampi, Mr

Fazio is expected to reassure investors there are no plans for a compulsory "consolidation" of the national debt by unilaterally lowering interest rates or extending maturities on savers' existing holdings of government bonds.



Pickets block entrance to the Eisenhüttenstadt steel plant

IG Metall vote on wider strikes

By Judy Dempsey in Berlin

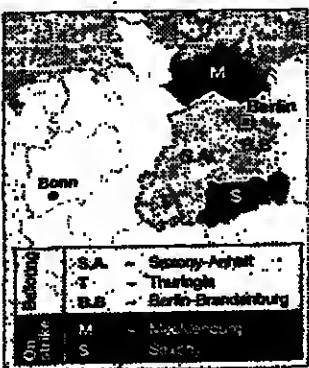
IG METALL, Germany's giant engineering union, yesterday started balloting 75,000 metal and electrical employees from Berlin-Brandenburg, Saxony-Anhalt and Thuringia on whether they want to join 37,000 metal and steel workers who have been on strike for just over a week. The results are expected tomorrow.

It will also ask its members in western Germany to demonstrate tomorrow in support of higher wages for their eastern counterparts. The demonstrations, intended to convey a token sense of national solidarity, will take place at lunchtime, not during work hours.

Union officials said they would continue the strategy of targeting more enterprises each day as a means of keeping up the pressure on the employers to reinstate a contract signed with the union in March 1991.

The contract aimed at equalising west and east German wages by next year, which would have meant a 26 per cent pay increase this year for the metal and electrical sector, and 21 per cent for the ailing eastern German steel industry. The employers cancelled the contract because of the economic deterioration in the two parts of Germany.

However, Gesamtmetall, the



metal and electrical employers' association, was optimistic yesterday that the strike would end "by the end of this week". It indicated that both sides were using talks which resume tomorrow in the Saxon capital of Dresden as a negotiating framework through which the strike could end without either side losing too much face.

As it stands, IG Metall is prepared to put back the timetable towards income parity, but wants to retain the principle of the original contract, particularly this year's pay rises.

IG Metall might also be prepared to forgo special Christmas bonuses and extra pay linked to productivity, in return for a guaranteed increase in the basic wage. That would mean about 18 per cent for the metal and electrical industry in the east.

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NEWS: INTERNATIONAL

LDP under pressure on Cambodia

By Charles Leadbeater in Tokyo

THE JAPANESE government will come under pressure to review its peacekeeping operations in Cambodia in a special parliamentary session on Thursday, called in response to the shock provoked by last week's killing of an unarmed Japanese policeman.

The opposition parties plan to grill the ruling Liberal Democratic party over whether the mounting violence violates terms of the Paris peace accord under which Japanese peacekeepers were sent to help pave the way for elections this month. One condition for sending unarmed police was that a ceasefire should be in place.

The killing last week of Mr Haruyuki Takata in an ambush on UN vehicles was blamed on guerrillas from the Khmer Rouge faction, which is boycotting the elections.

The government appears determined to sit out what it regards as a war of nerves in Cambodia, while pressing for improved security for Japanese personnel, but the opposition parties are likely to press the government to consider withdrawing peacekeepers if the situation deteriorates.

The damage this would inflict on Japan's aspirations to a wider world role were pointed out by Mr Goh Chok Tong, the visiting Singaporean prime minister, who warned a withdrawal would signal that Tokyo no longer wanted to play an international role.

To underline its commitment to UN peacekeeping, the government yesterday ordered 48 troops to join UN peacekeepers in Mozambique.

The United Nations Transitional Authority for Cambodia agreed that 41 Japanese civilians being sent to monitor the elections should be sent to the south, near where 600 Japanese military personnel are engaged in engineering work.

● Royalist Cambodian guerrillas and the Khmer Rouge, long-time allies in the civil war, exchanged artillery fire over the weekend in the north-west. UN officials said yesterday, Renter adds from Phnom Penh. The fighting was apparently prompted by the killing of the Japanese police officer by Khmer Rouge guerrillas in a zone nominally controlled by the monarchists.

Whale-watching nets big cash

By Bronwen Maddox, Environment Correspondent

SOME 4m people a year pay to lean over the rail of a boat and scan the waters for Moby Dick, according to a UK government discussion paper.

The report estimates that whale-watching - one of the latest temptations for tourists - is worth more than \$300m (£190m) a year. It argues that whale-watching could be worth much more than killing whales for meat.

The figures, prepared with environmental groups, have been published as part of this week's fierce campaign by anti-whaling countries and environmental groups to stop the IWC lifting its present ban on commercial whaling, as Japan and Norway want.

The report says that in the early 1980s whale-watching, mainly confined to North America, raised only about \$4m a year. But since 1981 revenue from the excursions - including whale-spotting from aircraft - has grown at an average of 49 per cent a year.

North America has by far the greatest number of whale fans: the US collected more than 60 per cent of the estimated \$320m worldwide revenues in 1991.

Japan and Norway, which have observed the IWC ban since 1987, earned an estimated \$3.8m and \$1.6m respectively. In Norway's last year of commercial whaling its catch of 387 whales made the country only NKr13m (£1.23m).



An anti-whaling activist displays his placard below whale-shaped balloons yesterday in Kyoto as the International Whaling Commission's annual conference gets under way

WHO acts on allegations of vote-buying

THE WORLD Health Organisation decided yesterday to tighten its financial rules after allegations of vote-buying in the recent election of its chief, Dr Hiroshi Nakajima.

Reuter reports from Geneva. In a resolution adopted by consensus at the agency's annual assembly, member states asked Dr Nakajima to set a clear policy on granting contracts to members of the WHO executive board, which implements the decisions of the annual WHO assembly.

The move follows a highly critical external audit which found shortcomings in six contracts awarded to members of the 31-member board before it renominated Dr Nakajima in January.

Member states confirmed the nomination by 98 votes to 53 last Wednesday, giving Dr Nakajima five more years as director-general of the United Nations agency.

The external audit by Britain's auditor-general Sir John Bourn did not directly link any of the contracts to Dr Nakajima, but pointed out that five of them had been signed off by another senior Japanese official in the UN agency.

Monday's resolution, which still needs the formal approval

of the plenary assembly, welcomed an announcement by Dr Nakajima last week that he planned significant reforms of the agency. However it asked him to take further steps to implement the auditor's recommendations.

● Unesco's cash flow has improved significantly in the past few months, Mr Frederico Mayor, director general, told a public meeting of its executive board in Paris yesterday.

The organisation has received \$16m from member states since the board last met in October, Mr Mayor said. The organisation, which is perennially short of cash, was forced to borrow money last October, but Mr Mayor said these loans had now been repaid in full.

Unesco now has a surplus of \$30m, Mr Mayor said.

● The head of the UN Environment Programme pleaded yesterday for more cash to help Unep end bad planning and implement priority programmes.

Ms Elizabeth Dowdeswell, executive director, told a Unep governing council meeting in the Kenyan capital Nairobi that without a stable budget the environment watchdog would "simply not have the means to implement the tasks assigned to it."

Syria's economy shackled by old institutions

Government contradictions are hampering booming private sector, writes James Whittington

AN EXPLOSION in the number of privately-owned imported minibuses taxiing the streets of Damascus has solved the city's public transport shortage but is causing a headache for town planners charged with reducing traffic congestion.

Such is the price of Syria's drive towards economic liberalisation. While the past two years have witnessed a boom in private sector investment, fuelling impressive economic growth, contradictions remain in the government's efforts to establish a more market-oriented economy.

There are no plans to sell off the large, overstaffed and inefficient public institutions. Foreign businesses are still deterred by an unwieldy two-tier foreign exchange rate, and political liberalisation remains firmly off the agenda. The regime is still cautious about how far it can go towards a free market.

Economic change began in the 1980s in the wake of a severe shortage of hard currency, with the government eager to repatriate some of the many billions of dollars esti-

mated to be held by Syrians abroad. It was spurred by the demise of communism in eastern Europe and, in particular, the break-up of the Soviet Union. Syria's leading ally, and aid from the Gulf states grateful for President Hafez Assad's stance in the anti-Iraq coalition after the invasion of Kuwait.

The government focused on the liberalisation of trade and promotion of the private sector. With 1991's Investment Law Number 10, the cornerstone of reform, investors were able to import equipment duty free, qualify for tax concessions, and repatriate profits in hard currency.

Since then, the government's investment office, overseen by Mr Assad himself, has agreed to 757 private-sector projects with a total capital of \$258bn (£237bn). As a result private sector export earnings have shot up from \$21.4bn in 1989 to \$25.37bn in the first 10 months of last year.

This, combined with an increased production of hydrocarbons and a booming agricultural sector, resulted in real gross domestic product growth

of 7 per cent last year. Agriculture last year accounted for 26.1 per cent of gross domestic product. Crude oil production averages 570,000 barrels a day and export earnings from petroleum and associated products was about \$2bn (£1.2bn) in 1992.

Imports have also risen sharply because of an easing of trade restrictions. Shops are now filled with a diverse range of goods, many not available before Law Number 10, and there has been a marked increase in imported cars and agricultural machinery.

According to preliminary figures from the Ministry of Economy and Foreign Trade, Syria's import bill last year rose by 28 per cent to \$23.6bn compared to exports of \$23.8bn.

The government's growing confidence in the economy is demonstrated by the 1993 budget, approved by parliament last week, which allocates a 24 per cent increase in projected spending to \$21.23bn.

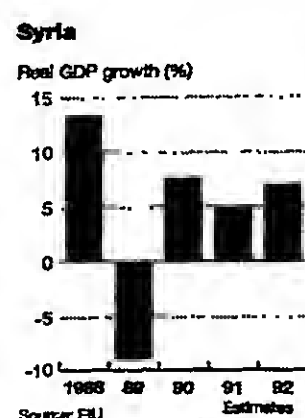
Despite the success of reforms so far, sources of investment have remained limited to mainly Syrian, Gulf, Lebanese and Jordanian inter-

ests. Most western companies are cautious of the remaining hangovers of a command economy and Syria's outmoded infrastructure.

Daily power cuts and unreliable international telephone lines do little to boost foreign confidence, although a regional electricity grid with Egypt, Jordan and Turkey is planned for 1997 and Siemens of Germany this month began the installation of 700,000 telephone lines.

The main deterrent to foreign investment, however, is the unwieldy foreign exchange controls, with two exchange rates and severe prison penalties for violations of these controls.

Mr Khalid al-Mahayni, Syria's finance minister, says the government is committed to unifying the rates, but "gradually, so as to avoid social difficulties". Hydrocarbon sales and custom tariffs are calculated according to the official rate of \$112 to the dollar, whereas "all private sector exports are treated by the exchange rate in neighbouring countries", which closely shadows the free market rate of \$643 to the dollar.



In the 1993 budget, private investment projects were calculated for the first time at the exchange rate of neighbouring countries as a step towards free market competition in the region.

Other planned reforms include new state-owned specialised banks for investors and exporters, and a Damascus stock exchange. Syrian entrepreneurs are unlikely, however, to be buying shares in privatised state assets.

Mr Mohammad al-Imadi, minister for economy and for-

eign trade and one of the chief reformers of Syria's economy, says public institutions will be reformed rather than privatised. "We believe in the public sector. It plays an important role in our infrastructure. The idea of our economic reform is not to transfer ownership, it is to add to what we already have," he says.

Reform of the public sector entails the promotion of export activities and access to hard currency banking facilities rather than redundancies and cost-cutting structural changes which would be strongly opposed by the establishment.

Mr Imadi acknowledges that successful private investors will eventually seek a political voice, but while Mr Assad remains in power such a scenario is improbable.

Despite speculation that he suffered further heart problems earlier this year, officials and diplomats in Damascus maintain that he is in good health.

Although Syria has the potential to establish a successful mixed economy, a free market will depend on the outlook of his successor.

India vows to punish banks

INDIA'S central bank governor has vowed for the first time to penalise banks involved in the country's biggest financial scandal, but gave no hint on the punishment he envisaged.

"We are going to fix responsibilities and award punishments and penalties," Mr Chakravarty Rangarajan, Reserve Bank of India (RBI) governor, was quoted as saying in the Economic Times published yesterday.

"For banks as institutions, the RBI will assign responsibilities, while for individuals, it will be done together with the senior management of banks," Mr Rangarajan said.

The scandal involved banks and brokers alleged to have colluded to siphon money from the interbank securities market to pump into the Bombay stock market.

Bankers said the RBI could impose fines, hold up promotions of individuals involved, or seek their dismissal or transfer. As an extreme step it could withdraw a bank's licence to operate in a particular financial sphere.

Kyrgyzstan dumps the rouble

KYRGYZSTAN replaced the rouble with its own currency yesterday, but people in the Central Asian nation viewed the brightly-coloured banknotes with distrust. Reuter reports from Bishkek.

The launch of the "som" is aimed at strengthening Kyrgyzstan's economic independence from Russia and shielding it from the rampant inflation afflicting virtually all former Soviet republics.

However, bank managers and employees in the capital Bishkek said that demand for the new currency was poor.

"Only a stupid fool would buy som," said one owner of a private retail outlet in Bishkek.

"Who will have confidence in it? There is nothing to ensure its value."

State-owned shops were ordered to accept the new money at the official offer rate of Kbs200 to one som. Kyrgyzstan's parliament voted last week to become the first Central Asian nation to establish its own currency after the rouble's rapid devaluation against the US dollar.

Clinton goes on tour to recapture lost élan

By George Graham in Washington

PRESIDENT Bill Clinton yesterday set out to recapture some of the élan of his election campaign last year, and to garner from voters in the Midwest the support that has been eluding him in Washington.

Troubled by his fast fading approval ratings in opinion polls and by the obstacles he has found in Washington to his legislative agenda, Mr Clinton took his case to a more sympathetic audience at a shopping mall in Cleveland, Ohio.

Mr Clinton, who last week tried to "refocus" his administration by adjusting the White House staff structure, mocked those who have criticised him for trying to do too many things at once, asking for help in pushing his economic proposals through Congress as a whole, instead of allowing interest groups to whittle away

at each component. "We've got to do it as a package. If everybody goes around saying what's in it for me instead of what's in it for us, the thing will come apart," he said.

By whipping up public enthusiasm for his programme, Mr Clinton could strengthen his hand with his fellow Democrats in Congress, whose first flush of party loyalty has disappeared as fast as the president's stock has fallen.

Back in Washington, however, his critics complain that the two day Midwestern tour showed Mr Clinton turning his back on the unforgiving task of governing in favour of the more congenial pastime of campaigning.

With foreign policy issues such as the Bosnian conflict looming intractably but unavoidably on its agenda, the new administration has been haunted by Mr Clinton's prom-

ise to focus "like a laser beam" on the economy. His principal success in this sphere, the swift passage of a framework budget, was quickly overshadowed by his failure to push through a much smaller short-term spending package.

Some administration officials and many Democratic leaders are now worried that the ambitious reform of the healthcare system, which Mr Clinton plans to launch next month, will overload a Congress already choking on the details of a budget plan it has passed only in outline.

A centrepiece of the budget proposals, the energy tax, is being attacked by everyone from aluminium producers to farmers. Democratic officials are even more concerned, however, by the persistent sniping of Mr Ross Perot, the Texas billionaire, whose poll numbers have been rising as Mr Clinton's have fallen.

of the Bituminous Coal Operators' Association should automatically be staffed by union labour.

While the selective strike hits just as the US enters its heaviest demand period for electricity - the summer air-conditioning season - observers say the stoppage will not have a noticeable impact for several months. "Most electric utilities have fair coal stockpiles, and the US coal supply is not 100 per cent union," said Mr Ralph Barbero, an energy analyst.

Peabody Coal, a subsidiary of Hanson of the UK, is not targeted. A month-long strike there in February ended when the union and mine owners agreed to the two-month contract extension with the BCOA which expired this month.

Brazilians eager to finalise debt deal

By Christina Lamb in Rio de Janeiro

BRAZIL begins a new round of talks with its creditor banks today with both sides apparently anxious to finalise a deal restructuring the country's \$44bn (£28.5bn) commercial debt, despite its failure to secure an IMF accord.

The eagerness to move ahead with the deal regardless has been partly prompted by Brazil's lack of progress with the IMF. Mr Eusebio Resende, finance minister, was sent away empty-handed from negotiations two weeks ago. IMF officials voiced concern at Brazil's frequent changes of finance minister and the new economic plan, which focuses on growth rather than combating inflation, running at nearly 30 per cent a month.

Brazil had been hoping for the IMF accord in order to obtain funds from multilateral institutions to cover half the \$3.2bn needed as guarantees for new bonds to be issued under the debt agreement worked out last July. However, in recent weeks the Brazilians have been sending strong signals that they are willing to put up all the money for guarantees from their reserves, now at a historic high of \$23bn.

Mr Fernando Henrique Cardoso, Brazil's foreign minister, was in Washington yesterday to meet Mr Lloyd Bentsen, US Treasury secretary, to request American support for the deal's conclusion.

Stephen Fidler on the first civilian leader for almost 50 years

Wasmosy wins in Paraguay's presidential poll

PARAGUAY remains Colorado country. Voters on Sunday elected Mr Juan Carlos Wasmosy of the Colorado party for a five-year term as head of state. Paraguay's first civilian president for almost 50 years will after all come from the party of General Alfredo Stroessner, the dictator of 34 years deposed in a 1989 coup.

Riven by dispute between those faithful to Gen Stroessner's legacy and its more modern wing backing Mr Wasmosy, 55, the party nevertheless managed to mobilise enough support to secure victory thanks to the loyalty of voters in the countryside.

Estimates yesterday morning from Saka, an organisation counting voter returns, showed Mr Wasmosy with 40 per cent of the vote. Mr Domingo Laínez of the Authentic Liberal Radical Party (PLRA) with 32.8 per cent and Mr Guillermo Caballero Vargas of the pro-business Encuentro Nacional coalition with 25 per cent.

There are no indications so far that the 200 international observers, led by former US President Jimmy Carter, have witnessed large-scale fraud. Even with electoral irregularities, the victory margin is likely to be sufficient to sustain Mr Wasmosy's democratic legitimacy.

Mr Wasmosy - the name is Hungarian - is an engineer, cattle rancher and cotton

farmer. A member of the Colorado party for 20 years, he made his fortune in part from sizeable contracts for the Paraguayan-Brazilian Itaipu Dam. One of his tasks as president will be to renegotiate the deal with Brazil on Itaipu, a Stroessner-sponsored project notorious for corruption.

Mr Wasmosy has the support of Gen Andres Rodriguez, who led the coup that ousted Gen Stroessner, and the upper echelons of the army. His democratic credentials have been marred by the way in which he achieved the presidential nomination in the Colorado primary elections in December.

His victory over the pro-Stroessner candidate Mr Luis Maria Argana was, according to the US National Democratic Institute for International Affairs, won by "questionable, if not outright fraudulent means".

However it almost certainly averted a coup by army leaders who assisted in toppling Gen Stroessner.

Mr Argana's campaign description of Mr Wasmosy as a closet liberal undermined the relatively small policy differences among the three presidential candidates.

Mr Wasmosy is expected to support market-oriented economic policies and increase the economy's outward orientation. Mr Wasmosy, who takes over in August, will not have



Wasmosy: will he keep the military at bay?

things entirely his own way, however. The Colorado party will be the largest party but will not have a majority in either house of congress, where the PLRA ran them a close second.

After nearly half a century of military rule, the institutions of the Colorado party, the army and the state are inextricably intertwined.

The military, however, may see the chief benefit of the victory of their candidate as security for their budget, which accounts for a fifth of government expenditure and is outside congressional or presidential oversight.

The Rodriguez government has already embarked on a policy of privatisation. British

Aerospace, for example, is examining the possibility of acquiring Lapas, the state airline which leases some of the UK company's aircraft.

The military, which manages most important state industries, could provide strong opposition to this policy.

However the army is increasingly subject to external constraints: senior officers are now regularly attacked in the press and the opening of secret police files has led to charges of human rights violations.

Whether these constraints will increase over the next five years or whether the military will maintain its hold on the state is the key question of Mr Wasmosy's term of office.

Coal miners select targets

THE United Mine Workers of America yesterday announced selective strikes against three US coal producers in an attempt to win job security rights in a new national labour contract, writes Laurie Morse in Chicago.

The strikes target Amax Coal, the third largest coal producer in the US and a wholly owned subsidiary of Amstar, the aluminium manufacturer, and the smaller Arch Mineral and Ziegler Coal. The union promised to broaden action until coal operators responded to its demands.

UMWA coal miners have been working without a contract since May 3, when an extension to their contract expired. At issue is the union's insistence that new mines opened by members

EC challenge over US fuel economy tax

By Nancy Dunne in Washington

THE EC is expected this week to call for a dispute settlement panel under the General Agreement on Tariffs and Trade to take up a complaint over US environmental laws which tax cars heavy on fuel.

According to Friends of the Earth, an international environmental organisation, the EC will initiate complaints against US corporate average fuel economy (Cafe) standards and the so-called "gas-guzzler" tax. The Europeans are concerned that environmental requirements will affect the export of certain classes of EC cars to the US.

In the US the fuel economy levels for corporate cars set an average fleet standard of 27.5 miles per gallon, and vehicles with a worse mileage are taxed. The "gas-guzzler" tax penalises other passenger cars that achieve less than 22.5mpg.

Should the US lose the case, it would be bound to raise as much of an outcry as the so-called "tuna-dolphin" decision, arising from the Marine Mammal Protection Act. Under the act the US banned Mexican tuna caught with drift nets, which also trap dolphins.

The EC is challenging the marine act as the US has imposed a secondary embargo on EC countries which may be transshipping "dolphin-unsafe" tuna. Trade analysts worry that anti-environmental messages sent by Gatt could make it more difficult to get congressional approval of a completed

Uruguay Round agreement.

EC objections to the fuel economy law, the "gas-guzzler" tax and a luxury car excise tax are listed in an EC report on US trade and investment barriers.

"Although the Cafe tax applies theoretically to virtually all car makers doing business in the US, in reality the only makers who have paid the penalty are the limited-line premium car makers," the report says. "The Cafe regulations are biased toward the full-line manufacturers (in other words, domestic manufacturers) that make both small, fuel-efficient and larger vehicles and limited-line manufacturers that produce mostly small vehicles (Japanese manufacturers)."

"Thus, the only Cafe penalties paid thus far have been paid by European limited-line car makers. Full-line car makers, such as General Motors, have been able to meet the Cafe standards by averaging the fuel economy of small, fuel-efficient cars with large cars."

In a letter to Sir Leon Brittan, EC trade commissioner, Friends of the Earth challenged the "secrecy" surrounding the EC action as "unnecessary, undemocratic and unwise".

"The EC cannot claim to be concerned about the development of the trade and environment debate if it persists in attempting to define, whether or not the environmental laws of another country are simply disguised trade barriers".

The 'plain folks' Kantor risks alienating

At 6ft 7in, the mayor of Milwaukee, Mr John Norquist, can pack a memorable punch, which he did rhetorically last week with some telling jobs at the US steel industry and protectionist politicians.

"Mickey Kantor [the US trade representative] says he doesn't believe in trade theology. Well, I've got 50 unemployed longshoremen who don't believe in trade theology either. They just want to work."

The mayor took up the case of the dockworkers as well as Milwaukee's Paper Machinery Corporation on a trip to Washington last week. The company, which had been successfully competing against French and German companies, has had to absorb a 10-20 per cent increase in steel prices since the US commerce department put temporary tariffs on steel imports.

The tariffs, a result of the dozens of dumping and countervailing duty cases brought by the steel industry against companies in 21 countries, could cost hundreds more jobs in Milwaukee and other port cities and at the factories which would steel into products for export around the world.

Authorities at the Port of Toledo, which last year handled 50,000 tonnes of leaded

A Midwest mayor complains about protectionist trade policies, writes Nancy Dunne

steel from Europe, say the tariffs have thrown 45 dock workers off the job. The ports of New Orleans, Philadelphia, Long Beach, California, and Houston also report job losses.

According to the Milwaukee city government, the steel suits have cost the local economy about \$2m in the first five months of the year; steel imports have plummeted by an estimated 78 per cent. The warehouses are almost totally empty.

Mayor Norquist is particularly irked at the "sheer 100 per cent unalloyed greed" of the steel companies, which he sees as too whimsical to compete. Years of protection have allowed them to pour billions of dollars into modernisation, but the money was gained on the backs of their customers, he says.

The mayor has no patience with charges of dumping. "If someone wants to set prices under their cost of production, say thank you," he says. "The high value products are those which use steel. If they do subsidise steel, that makes our

other products more competitive."

President Bill Clinton aimed his presidential campaign at plain folks such as Mayor Norquist, a Democrat and former lathe operator; the two met briefly on the campaign trail. So Mayor Norquist decided to bring up the steel tariffs with the "populists" in the White House.

His message was dutifully received - by the aide of Mr Clinton's 33-year-old political assistant, Mr Rahm Emanuel.

The administration has stood visibly back from the "quasi-judicial process" under which the commerce department determines how much dumping and subsidies there have been and the International Trade Commission decides if the US industry has been injured by the alleged dumping and subsidies.

"It's a judicial process that was set up by a political process to turn normal competition into findings of illegal dumping," the mayor says, reaping scorn upon his fellow

politicians. "It is convenient for them to sit back and say we didn't do it... It was this mechanistic formula when actually they're making a policy decision to prop up an industry that already has 85 per cent of the market."

Mayor Norquist has fixed upon Mr Kantor, who implements rather than originates Mr Clinton's trade policies, as the administration's bogeyman.

"Mickey Kantor doesn't know which products to penalise and which to subsidise. When he's trying to penalise Germany and Japan, he's hurting Milwaukee. He's decided to punish Milwaukee and punish Wisconsin to prop up this industry that doesn't want to compete in the marketplace. All they want to do is sit on their congressmen's laps."

Mr Kantor has no role in the dumping/countervailing duty regime, but he has defended it as necessary. "I would say the US process, both in terms of fair hearing and transparency, is probably as good or better than any process in the world."

While not directly involved in the countervailing duty suits, Mr Kantor is suppressing a planned study by the ITC that might reveal the harmful impact of "unfair trade laws", a project proposed by his Republican predecessor. He is also backing congressional



Norquist: "sheer 100 per cent unalloyed greed"

opposition to proposals in the Uruguay Round of multilateral trade talks which could open US trade law to challenges by the General Agreement on Tariffs and Trade. None of this means much to the people of Milwaukee who benefit little from federal government projects. They want the "change" Mr Clinton promised, the mayor says - an end to meaningless free market rhetoric. They want to get on with their business without government interference.

Japan to clarify bidding process

By Charles Leadbeater in Tokyo

JAPAN'S Construction Ministry yesterday issued proposals to clarify the bidding process for public contracts in an effort to head off US pressure for reform.

The proposals, made by an advisory committee, call for clearer and more specific criteria to assess construction groups bidding for public works contracts.

The process has faced mounting criticism following revelations that construction companies made illegal political donations to influence the outcome of bids. On April 30 the US warned Japan it would impose sanctions if alleged discrimination was not eliminated.

Under the Japanese system the Construction Ministry pre-selects a company as eligible to bid, rather than making an open invitation. Existing criteria are generally vague references to the bidder's ethics, employment record and financial strength.

The revised criteria will stress a contractor's record in comparable projects and its technology. The new system will be tested on about 30 medium-sized public works projects valued at between ¥200m-¥500m (£1.2m-£2.6m) each.

The committee also called for a review of the Construction Ministry's methods for estimating the value of public works projects. The ministry has been criticised for overestimating the value of projects, thereby allowing construction companies to make excess profits which are in turn used for political donations.

Big telecom order for Ericsson

ERICSSON, the Swedish telecommunications group, said yesterday it had won a DM750m (£303m) order from Mannesmann Mobilfunk to supply equipment to the company's digital mobile telephone network in Germany, writes Hugh Carnegie in Stockholm.

The order is the biggest Ericsson, the world's leading supplier of digital mobile telephone equipment, has received for mobile systems.

Mannesmann's G2 network is one of two German digital systems linked to the evolving pan-European mobile telephone network known as GSM.

Ansaldo secures order from Taiwanese

By Haig Simonian in Milan

ANSALDO, the engineering arm of Italy's state-controlled Finmeccanica engineering group, has won a 1,250bn (£100m) order for two refuse treatment and electricity generating plants in Taiwan.

The order, for the group's Ansaldo Volund subsidiary, is for units in the cities of Chiay and Tainan. The new plants will be capable of handling 300 tonnes and 900 tonnes of urban refuse a day respectively.

The order was won in conjunction with a local partner, Chung Sing, part of the Taiwanese Kuang-Hwa group.

Ansaldo's Volund-Ecology division will be responsible for the combustion and energy recovery aspects of the plants, while Ansaldo Energia will supply electricity-generating steam turbines.

The group diversified into the waste treatment and environmental sectors after Italy's 1987 decision to block the development of nuclear power.

In April 1992, the group bought Volund, a Danish company specialising in incinerators, boilers and heat recovery systems, as part of its push into waste management.

● Bellef, the Italian specialist engineering group, has won orders worth 1,600m for oil and petrochemicals plant from Statoil in Denmark and Shell in the US, along with Ssangyong Oil of South Korea.

OECD Export Credit Rates
THE Organisation for Economic Co-operation and Development (OECD) announced new minimum interest rates (%) for officially-supported export credits for May 15-June 14 (Apr 15-May 14 in brackets):

D-Mark	7.47	(7.35)
Ecu	8.07	(8.18)
French franc	8.24	(8.58)
Guider up to 5 years	7.30	(7.30)
5-8.5 years	7.50	(7.55)
more than 8.5 years	8.00	(8.00)
Italian lira	12.44	(12.17)
Yen	4.30	(4.70)
Peseta	12.69	(12.58)
Sterling	7.90	(7.73)
Swiss franc	5.88	(5.83)
US dollar for credits of up to 5 years	5.30	(5.40)
5-8.5 years	6.13	(6.19)
for credits of over 8.5 years	6.59	(6.66)

These rates are published monthly by the Financial Times, normally around the middle of each month.
A premium of 0.2 per cent is to be added to the credit rates when bid at bid. Interest rates may not be fixed for longer than 120 days.
OECD-based rates of interest are the rates for all countries but must be used only for the OECD-defined poor countries.
For the period from Jan 15 through July 14, the OECD-based rates will be 7.55 per cent. If the OECD-based rates will be 8.1 per cent. The OECD-based rates will again be subject to change on July 15.

Many banks are returning to their roots.



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NEWS: UK

One in 25 UK companies suffers default in Germany; one in 35 four years ago: in France one in 11 suffers non-payment

EC customers 'getting worse at paying bills'

BRITISH companies are finding it increasingly difficult to persuade continental European customers to pay their bills on time - or at all.

One in five UK companies suffered a loss as a result of non-payment by an EC customer in the year ended March 1993, according to a survey published yesterday by NCM, a credit insurance company.

Exporters in Britain must be cautious about seizing export opportunities in the EC because of the growing risk of default or late payment, NCM

warned as a result of the survey.

The position in Germany has worsened markedly and even blue-chip companies in some sectors face severe difficulties in making payments, said Ms Connell Randall, NCM business strategy director.

News of the growing risk of doing business with other EC countries came one day after a study by Manchester Business School for National Westminster Bank, showed that UK companies had difficulties obtaining payment from domestic customers.

Customers in all the main

Charles Batchelor sees EC payments falling behind while the picture in the UK is improving. The time taken to collect debts has fallen to 57 days from 62

EC countries were more likely to default on payment than previously, the NCM survey showed.

One in 11 companies supplying customers in France experienced non-payment compared with one in 14 four years earlier. One in 25 companies experienced a default in Germany compared with one in 35 previously.

Payments delayed significantly longer than was normal in individual industry sectors rose by 63 per cent to an all-time high of 99m in 1992/93 compared with 54m in the previous 12 months. Delayed payments from Germany rose by 136 per cent and from Italy by 115 per cent.

"The deterioration in payments behaviour is particularly

marked in the European Community and not in other parts of the world where you might expect it," commented Ms Randall.

"We are concerned that just because people deal with traditionally safe companies in traditionally safe countries does not mean they will always be paid."

NCM said the slow and no-

payment figures were based on its own customers, selected because they represented a good insurance risk, so the payments experience of exporters in general might be even worse.

Quarterly Export Survey. NCM Credit Insurance, Crown Building, Cathays Park, Cardiff CF1 3PX. Free.

● In contrast with the gloomy conclusions of the NCM and NatWest surveys, payment delays in the UK are declining, according to the latest quarterly review by the Association of British Factors & Discounters.

The average time taken by factors to collect debts on behalf of their clients dropped to 57 days at the end of March from 62 days at the beginning of the year, the first time it had fallen below 60 days for five years, the association said.

Association members, the largest 11 UK factoring companies, had advanced £1.4bn to clients at the end of March, 15 per cent more than a year earlier.

The turnover of companies using factors rose by 21 per cent to £4.6bn, the highest year-on-year increase for more than six years.

UK admits EFA cost 'overrun'

By David White, Defence Correspondent

BRITAIN'S Ministry of Defence confirmed yesterday that the Eurofighter project to build a joint combat aircraft with Germany, Italy and Spain was over budget, saying there was a "slight overrun" on costs to the UK of just over £1bn.

As reported by the FT yesterday, the current total cost estimate for the 250 aircraft the UK plans to buy is £1.3bn, including Britain's share of development work.

The MoD said yesterday this had risen 10 per cent in strictly comparable terms since the project was launched, and described the increase as "not too bad" in view of the international nature of the venture.

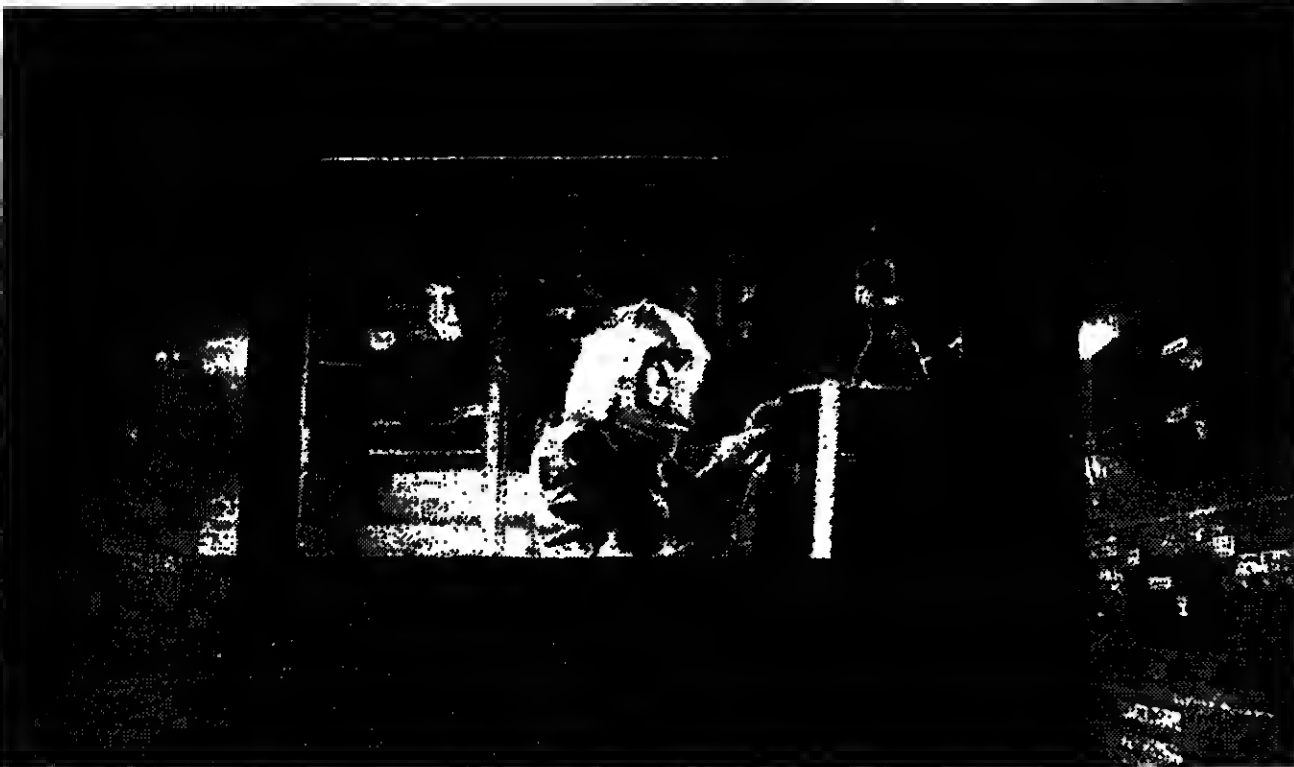
It said its projection in 1987 was a total cost of £7.5bn for a reduced buy of 200 aircraft. At today's prices, taking the other 50 aircraft into account, the figure would be £11.9bn.

However, this contrasts with the government's declarations when it approved the development five years ago.

Mr George Younger, defence secretary at the time, told MPs in 1988: "I would expect (the total cost to the UK) to be of the order of £8bn to £7bn when it is completed." He added: "There is no change in the United Kingdom's declared production output, which remains 250 aircraft."

The latest figure is also substantially more than the MoD stated to the all-party defence committee last year. In a memorandum dated February 19, 1992, it put the UK's costs at £2.7bn for development and between £7bn and £8bn for production. It made clear that this was based on a "planning assumption" of 250 aircraft.

The £1.3bn total takes into account the results of a recent cost overhaul. Total costs of the programme have been obscured by accounting methods, but are expected to be about £32bn against the £21bn expected in 1988.



The Kent plant of Wellcome: one of the 65 manufacturers which help give the UK a major role in European pharmaceuticals

Britain launches high-profile bid to secure EC pharmaceuticals agency

By Alan Pike, Social Affairs Correspondent

THE UK government and pharmaceutical industry will today launch a high-profile bid to establish the European Medicines Evaluation Agency in London. Likely rivals are Spain, Denmark, the Netherlands, and the Irish Republic.

Potential gains from attracting the agency, which will control the safety of medicines in the EC and encourage innovation and technical co-operation between member states, extend beyond status and direct jobs.

Britain has one of the community's leading pharmaceutical industries and the presence of the agency would be likely to stimulate its further growth.

Mrs Virginia Bottomley, health secretary, will launch the campaign for London today with the active backing of Mr John Major, prime minister. He says in a note endorsing the bid that the case for siting the

agency in London is a "powerful one."

A brochure setting out the UK case enlists the support of a variety of leading figures in pharmaceuticals and medicine including representatives of Zeneca, Hoechst UK, Glaxo, Wellcome Foundation, Astra Pharmaceuticals, London University and its medical schools.

Although it is possible that a decision on the agency's location may be made at the Copenhagen EC summit next month, it is more likely to come later in the year.

The British bid will emphasise that London's worldwide reputation as a medical research centre, with more than half the nation's expenditure on academic medical research going to the London medical schools, is complemented by a well-established pharmaceutical industry.

There are 65 pharmaceutical manufacturers in the UK, 99 per cent of them foreign-

owned, employing 87,000 people. One fifth of these staff are employed in medical research and development.

Britain is Europe's largest investor in pharmaceutical research and development. Spending in 1991 was £1.2bn or 22 per cent of the EC total. Britain is second only to Germany as an EC exporter of pharmaceuticals to non-community countries. Exports from Britain account for around 15 per cent of the EC total.

Locating close to London and its neighbouring counties, where the UK pharmaceutical industry is centred, would have the additional advantage of guaranteeing the agency an adequate supply of qualified and experienced staff, according to promoters of the British bid.

Beyond the issue of location the British bid will stress other advantages of housing the agency in London, many of

them related to communications.

Evaluating new drugs requires the exchange of massive amounts of information. Supporters therefore argue that Britain's telecommunications system, allied to physical communications advantages like the capital's two major airports and the projected opening of the Channel Tunnel, make London the natural choice for the pharmaceuticals agency. Furthermore, they say, English is the internationally recognised language of medicines regulation.

The agency, which is due to begin work in 1995, will have an initial 300 staff with substantial information technology and archive back-up.

It is estimated that it will need 5,300 square metres of office space by the end of the century, although the promoters of the British bid do not have a particular location in mind.

British Airways faces summer of unrest with staff

By Robert Taylor

BRITISH AIRWAYS faces a damaging summer of industrial disruption on three fronts beginning with a possible shutdown of its UK operations by its ground staff over the Spring Holiday weekend (May 29-31).

The 18,000 ground staff and clerical workers are being lobbied by the Transport and General Workers union to support strike action against contracting out and the creation of subsidiary companies with inferior terms and conditions of employment.

That ballot result will be known on May 27, the eve of the holiday weekend. The TGWU made it clear yesterday that if it achieved an expected Yes vote it would seek to ground BA's operations over the holiday period.

Yesterday voting also began among the company's 3,000 pilots on whether to strike over alleged threats to their pay and employment conditions. Their union - the British Airline Pilots Association - is warning that BA pilots could ground the company's entire fleet for the first time in four years. The result of the union strike ballot will be known on June 4.

To add to BA's troubles its cabin staff at Gatwick have already voted to take disruptive action. Further 24 hour stoppages are expected in protest at what the cabin staff believe is a threat to reduce their terms and conditions of employment.

All three conflicts at BA share a common theme: the widespread belief among staff that the company intends to drive down costs at their expense.

The point at issue over the BA pilots' dispute concerns the future of BA's short-haul flights from London's Gatwick airport after last November's BA take-over of Dan-Air, an airline whose pay rates and conditions of employment were

markedly inferior to BA's.

But the unions fear the troubles at Gatwick have a much wider significance for BA staff: that the high pay and generous benefits could be undermined through the introduction of new agreements.

Earlier this year BA established a new subsidiary company at Gatwick for the former Dan-Air staff known as European Operations Gatwick (EOG) BA then decided from May 1 to move three of its existing short-haul European routes from Gatwick to Frankfurt, Copenhagen and Malaga to the new company.

The 94 BA pilots and cabin crew affected by this move have been offered alternative work, either on long haul routes from Gatwick or moving to London's Heathrow airport on BA's short haul routes from there. Cabin crew have been offered severance pay.

Mr Jock Lowe, BA's director of flight operations said yesterday that there was no question of any worker being forced to accept lower terms and conditions of employment. BALPA said that it is prepared to work with BA on reducing its costs.

"We are prepared for BA pilot's work to be transferred to the new subsidiary company at Gatwick and negotiate a realistic cost base for its operations there just as long as none of our members are forced to accept inferior pay and conditions of employment," said a spokesman. He added that the union was opposed to any new separate agreement at Gatwick and he would not negotiate with BA on such an assumption.

Mr Lowe said he was confident the pilots would be "sensible" and not back their union's strike call. BA pointed out that last year it lost as much as £35m on its Gatwick short haul service. On top of that BA inherited a £48m financial liability as a result of its takeover of Dan Air in November.

Britain in brief



Sweeping probe into EBRD urged

The committee looking into allegations of overpaying at the European Bank of Reconstruction and Development has proposed a sweeping inquiry which will look at most aspects of the bank's spending policies, including "special flight arrangements".

The committee has recommended that four international firms of auditors be asked to tender for the role of adviser. The bank's own external auditors, Deloitte Touche and Tohmatsu will not be among them.

The terms of reference drawn up at a meeting of the EBRD's board of directors yesterday are rigorous and include what the document describes as an "arms length" relationship with the bank's management during the inquiry given the sensitivity of its work. This, says the document, requires "strict adherence to confidentiality and independence."

Mr Claes de Neergaard, Chairman of the Audit Committee, has proposed that, in addition to external auditors, outside quantity surveyors and architects should be appointed "to ensure the appearance of absolute independence and objectivity".

Credit up to £232m

The British consumer has regained an appetite for buying goods on credit, adding to signs of growing consumer confidence and encouraging hopes that the UK economic recovery can be sustained.

Net lending to consumers increased to a seasonally adjusted £232m in March from £24m in February, the highest since April 1991, according to Central Statistical Office figures released yesterday.

The March figure was also more than twice City expectations that consumer borrowing would rise by a net £90m.

The CSO monthly net lending figures cover consumer borrowings from finance houses, other specialist credit companies, building societies and on bank credit cards under the Visa and Mastercard.

The amount of new credit advanced to consumers by these lenders was £473m in March, the highest monthly figure since such statistics were first published in 1987. The new credit figure compared with February's total of £442m and the £396m of new consumer credit granted in March last year.

Customs find illegal trade

Customs and Excise officers uncovered 230 cases of illegal trade in tobacco and drinks by cross-Channel shoppers during the first three months of the year. Eleven people have been charged with offences and prosecution of a further 113 is under consideration.

Since January 1, travellers have been able to bring unlimited supplies of drink and tobacco from continental Europe into the UK for personal consumption. However, trading in the goods, without paying excise rates, is illegal.

Customs and Excise said that the 230 cases involved evasion of about £324,000 in duty, of which £249,000 was accounted for by 2,600 kilos of tobacco for cigarettes.

Meghraj fails to buy Equatorial

Meghraj Bank, the private banking arm of Meghraj Group, has failed to reach an agreement to buy the assets of Equatorial Bank, the bank with 3,000 Asian small business customers that was put into administration in March.

Meghraj said yesterday that it had not been possible to establish a basis for offering to acquire the share or assets of Equatorial. It had offered Equatorial's administrators assistance in winding down its loan book instead.

Mr Anant Shah, Meghraj chairman, said the bank had offered its assistance to the administrators to help them achieve the maximum payments to Equatorial's depositors. The bank hoped its offer would prove "practical and helpful".

Mr Gareth Hughes, joint administrator for Equatorial Bank, said the administrators would consider the Meghraj proposal "alongside other alternatives".

Nadir position appears to weaken

By John Murray Brown in Kyrenia

THE POSITION of Mr Asil Nadir, the fugitive Turkish-Cypriot businessman, appeared to be weakening yesterday, after Britain stepped up its diplomatic pressure on northern Cyprus, and Mr Nadir's privately owned bank announced that it was closing its headquarters - the first indication of serious trouble in his financial empire on the island.

In the strongest warning to northern Cyprus that the British government has issued so far, Mr Tristram Garel-Jones, minister of state for foreign affairs, warned it had not ruled

out use of sanctions and that north Cyprus's interests could be badly damaged if it failed to return Mr Nadir to England.

He added that if Mr Nadir travelled to Turkey then Turkey's reputation could suffer similarly.

Mr Rauf Denktaş, the Turkish Cypriot leader, yesterday said that he had no intention of returning Mr Nadir to Britain. However, he urged the British authorities to prosecute Mr Nadir in northern Cyprus.

And in the first indication that Mr Nadir's troubles are affecting his private businesses on the island, Khris Endustri Bankasi, Mr Nadir's privately-owned bank in Northern

Cyprus, is planning to close its Nicosia head quarters.

The suggestion that Mr Nadir be prosecuted in northern Cyprus is possible because according to a provision in the criminal law of northern Cyprus, a citizen can be tried and convicted in the local courts for a crime committed outside the territory.

The UK's Serious Fraud Office SFO has hitherto refrained from such action because the territory is not formally recognised by the UK.

Meanwhile, BDO Binder Hamlyn, the accountants firm, last night clarified the work it had conducted on behalf of Mr Nadir in northern Cyprus.

Mr Nadir said on Friday that the firm had shown that monies allegedly stolen by him were accounted for in the books of Unipac, the packaging company based in the country.

Mr Adrian Burn, BDO's managing partner in London, stressed that his firm had been commissioned by Mr Nadir's former solicitors in 1991 to conduct a limited review which reconciled bank statements with book entries for certain very specific transactions.

"We were not asked, and did not form an opinion on the whole picture," he said. "The transactions were consistent with the bank statements and cash entries."

A capital lesson in road pricing

Richard Tomkins joins a top ministerial fact-finding visit to Oslo

MR John MacGregor, transport secretary, yesterday came face to face with some of the political realities of introducing a system of charging for the use of London's roads.

On a fact-finding visit to one of the world's few road pricing schemes in the Norwegian capital of Oslo, he learned that shoppers, the young and the low-paid were some of the hardest hit by the charges.

When the system was introduced in 1990, there were attempts to blow up the toll booths. It has remained unpopular, with the number opposed to the scheme little lower now than the initial 60 per cent.

However, the proceeds from the tolls had succeeded in financing the construction of new roads in the city, mostly in

tunnels, which had helped ease city centre congestion.

Mr MacGregor is visiting Scandinavia to see what lessons can be learned for his own plans to introduce road charging to Britain, initially on trunk roads and motorways and later in urban areas.

He intends to set out his plans for motorway charges in a consultation paper in the next four to six weeks. Proposals on urban road charging would follow publication of a report in late 1994.

The Oslo urban road charging system was introduced in February 1990 with cross-party support to help finance a NK12bn programme of public transport improvements.

The city is now ringed with 18 toll plazas where drivers pay an entry fee, either manually or electronically through a deb-

iting system similar to the one operating on London's Dartford Crossing.

The entry fee is NK11 (£1) for vehicles up to 3.5 tonnes and double that figure for lorries, with discounts available for season tickets or multiple-entry tickets. Motorcycles, buses, cars driven by the handicapped, emergency vehicles and funeral processions are exempt.

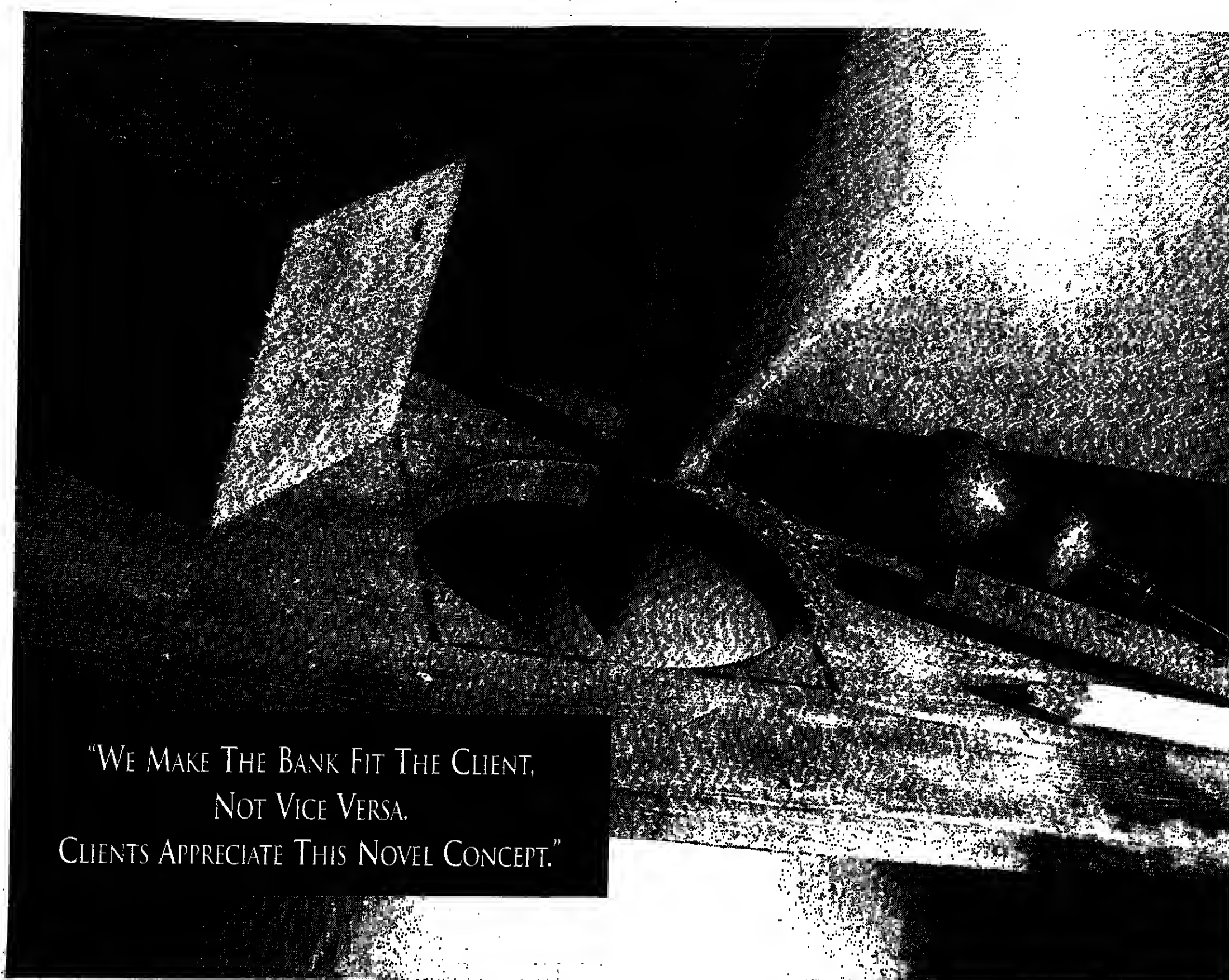
When vehicles go through the electronic debiting lanes without a payment being deducted their registration numbers are photographed.

Mr MacGregor was told that the violation rate was only 0.1 per cent, but some drivers went to elaborate lengths to avoid being charged, for example, covering their number plates with mud, or driving on the tail of the vehicle in front

so that the camera could not get a clear view.

Officials estimate that total car journeys into the capital have dropped 5 per cent. A high proportion of better-off workers had got help with the cost of season tickets from their employers. Those who had stopped making journeys were mainly the less-well off as shoppers. The charges had also failed to produce any detectable increase in the use of public transport.

Mr MacGregor said a road pricing system for London was "still some way away". But charging for motorways was a separate issue, he said. Britain had a very substantial road-building programme and ways had to be found of financing it if it was not to stretch for a very long period ahead.



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Do You Speak Their Language? starter pack. Royal Mail International, Freeport, 382 Dunstable Road, Luton, Bedfordshire, LU4 5DL. Free.

Taking advice to the bank

A new support organisation for both business and personal customers of the banks has been established. The Independent Banking Advisory Service (IBAS) will provide members with free advice on simple problems and a referral service on to professional advisers, who will charge their normal fees, on more complicated issues.

IBAS is a breakaway organisation from the Bank Action Group (BAG), which was established just under a year ago, but it plans to concentrate on providing advice rather than high-profile lobbying campaigns.

Membership of IBAS costs £45 plus VAT for businesses and £25 including VAT for individuals. IBAS says its strength is that it will be able to concentrate on banking issues, unlike other small business organisations with a broader remit.

At present though IBAS's organisation is embryonic - it is still building up a network of professional advisers - and prospective members should compare the range and cost of its services with those provided by existing small business organisations.



Cutting red tape

COLIN Kimmond says his small slaughterhouse business could take on two extra staff if he were not obliged by new European Community-inspired legislation to employ a vet. Alongside a full-time meat inspector who keeps an eye on the quality of the cut meat, since January 1 Kimmond has also been required to pay for a vet to come in twice daily to look at the live animals before slaughter. The meat inspector, employed under long-established legislation, costs £30,000 a year while the vet costs another £1,500 a month, Kimmond calculates.

"The vet has stopped us having an apprentice and a slaughterman and takes a lot of money out of our profits," comments Kimmond, a director of Bishop's Castle Meat, a Shropshire company with 14 employees and turnover of £4.5m.

The requirement to employ a vet as well as a meat inspector came in as part of the EC's Fresh Meat Directive. This was translated into UK legislation in the form of the Fresh Meat (Hygiene and Inspection) Regulations 1992.

This legislation extended to smaller slaughterhouses - serving local or national markets - the rules which had applied for many years to larger slaughterhouses involved in exporting meat products.

Many small firms and the recently established Quality Meat and Livestock Alliance blame these new regulations on the closure of about 200 slaughterhouses over the past two years. The Ministry of Agriculture counters that only seven slaughterhouses have been closed for hygiene reasons and says

Charles Batchelor continues a series on red tape with a look at difficulties experienced by a slaughterhouse

One man's beef

the rest, spurred by over-capacity in the industry, have shut down for commercial reasons.

Bishop's Castle Meat has been able to bear the cost of the new regulations but Kimmond is critical of the new legislative regime. "The red tape is ridiculous," he says. "We are not exporting. The meat inspector has been doing his job for the 14 years we have been in business and our meat has never killed anyone."

Kimmond's complaint is that the vets who now inspect the animals make no contribution to increased hygiene. All the animals come in from auctions where they have been inspected, while the vets have only a brief training which does not equip them to spot problems.

But the requirement for veterinary inspection is only part of the new regulations. Slaughterhouses are also faced with a range of structural alterations to bring their drainage systems, work surfaces and loading bays up to scratch.

Very small slaughterhouses processing fewer than 20 units a week (a unit is one cow, three pigs or seven sheep) escape the new struc-

tural regulations but a swathe of medium-sized companies which were previously exempt have had to come to terms with the tough new requirements.

Bishop's Castle Meat has spent about £200,000 on alterations (though some went on a new boning room the company wanted) including stainless steel surfaces and equipment and larger pens to hold the animals awaiting slaughter. This last requirement leads to large numbers of animals being brought together in the same space and increases the stress they suffer, critics of the regulations claim.

The strictness of the new legislation is a classic case of UK civil servants "improving" the initial EC legislation, comments Richard North, secretary of the Quality Meat and Livestock Alliance. National legislation tightened up on the EC directive, Ministry of Agriculture guidelines tightened up on the legislation, and individual vets interpret the guidelines very strictly, he says.

The directive calls for the slaughterhouse to have a clearly defined



Colin Kimmond says the new legislation is hitting Bishop's Castle Meat's profits

boundary which has been translated into a requirement to have a wall or a fence. One slaughterhouse owner had to build a wall costing £8,000 which cut off direct access from his house, says North.

As part of its opposition to the new rules the alliance is urging its members not to pay vets' fees. Kimmond has just received a summons for failing to pay. Ultimately, says North, the alliance is prepared to take its fight to the European Court of Justice.

The Ministry of Agriculture said British representatives in Brussels had argued successfully against some member states which had wanted a more far-reaching directive. The legislation had to strike a

balance between public confidence in meat hygiene and not making the rules too onerous, a spokesman said.

The Growing Business Page will highlight over the next few months businesses entangled by red tape. It will award a bottle of Laurent-Perrier pink champagne to each one featured.

The owner-managers of independent businesses are invited to describe their experiences - on no more than two sides of A4 paper. Letters should be addressed to: Charles Batchelor, Growing Business Correspondent, Financial Times, Number One Southwark Bridge, London SE1 9EL.

Lack of finance feared

A shortage of expansion finance threatens to prevent businesses from taking full advantage of the European single market. This emerges from a survey* of more than 4,700 companies in all 12 European Community countries carried out by accountants Grant Thornton.

Many companies in Europe have badly eroded balance sheets; face problems in persuading customers to pay up on time; and have difficulty in raising long-term debt and equity at affordable rates, according to the survey to be published today in Brussels.

"European companies will be shocked in achieving the benefits of the single market because the banks have got into difficulties," said Patrick Brooke, partner in charge of the firm's single market unit. The survey, one of the most extensive of its kind in recent years,

covered businesses, most of them privately owned, with turnover of between £500,000 and £100m (£833,000-£83.3m) and between 10 and 700 employees. These account for more than 90 per cent of all businesses in the Community.

The cost of finance emerged as the most common short-term constraint on growth, mentioned by 40 per cent of companies questioned, while a lack of working capital was mentioned by 31 per cent.

Customers have become more reluctant to settle their bills promptly, putting further pressure on company cash flows. Sixty per cent said it had taken longer to collect their money over the previous year. A quarter of companies

waited 90 days or longer to be paid, with slow payment most prevalent in Portugal, Italy and Spain.

Chasing up slow-payers by letter was the most common response but no fewer than 33 per cent had taken legal proceedings. UK companies were most likely to have taken this route with half initiating legal action.

Despite problems in raising finance, businesses were moderately optimistic about their prospects. On balance - that is those saying better, minus those saying worse - nearly a quarter expect to increase their turnover in the coming year and nearly 30 per cent plan to increase exports. But they also expect profits to remain flat in the

year ahead and job numbers will be cut.

Greece, Ireland, the Netherlands and Denmark were the most optimistic overall, while France, Germany and the UK were most pessimistic about output, jobs and profitability. Germany was less optimistic about exports than most other countries.

The most expansion-minded companies - those considering making acquisitions, diversifying and entering new markets - were in France, Spain and Greece. Two thirds of French companies had produced market development plans.

Significant increases in spending on training and research and development are expected but there will

be only a modest rise in investment in plant and equipment. On balance 22 per cent of companies planned to increase spending on training while 15 per cent planned more R&D. The UK came the bottom of the league table in both areas, however.

Despite government efforts to promote the single market recently, very few companies were aware of EC programmes. Only one in five companies knew of one or more of the main schemes and only 3 per cent of firms had used one of the programmes though Greece, with a 20 per cent uptake of programmes, was an enthusiastic exception to the EC norm.

Stronger US-UK links

Corporate links between London and New York are not limited to the multinationals.

Next month sees the launch of a partnership between Wandsworth Enterprise Agency and the National Minority Business Council, based in New York.

The aim of the venture is to provide small UK businesses run by members of the ethnic minorities with help and advice in establishing international trading links. Similarly, the 500-or-so members of the NMBC, most of whom are based in New York, New Jersey or Connecticut, will gain access to British expertise.

Small businesses often lack the resources to establish overseas links but the joint venture between Wandsworth and NMBC will provide help with training and organising trade missions, said Alex Amponsah, chief executive of the enterprise agency. It may also open trading links with home countries of recent immigrants.

The NMBC, a non-profit organisation, was established more than 20 years ago and is funded mainly from membership fees; currently \$275 (£179) a year, although it does receive public and private-sector donations and grants.

Its members - who include Afro-Caribbeans, Latin Americans, Asians and Eskimos - are provided with a broad range of business advice.

John Robinson, president of the NMBC, hopes that the London link will lead eventually to an umbrella organisation for all UK small businesses run by ethnic minorities, on an equal footing with chambers of commerce. He already has plans for further expansion, seeking ties with similar organisations in Asia and the Pacific Rim.

The NMBC has strong ties with the Caribbean and has an affiliation in Nigeria.

Jeremy Bennallack-Hart

*National Minority Business Council, 235 East 42nd Street, New York 10017. Tel: 212 573 2353. Wandsworth Enterprise Agency, Wandsworth House, 4th floor, 155-159 Fulham Road, London SW11 2PD. Tel: 071 924 2811.

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- ◆ Turnover in excess of £3m per annum
- ◆ Good current blue chip order book
- ◆ Fully equipped vulcanising and injection moulding plant
- ◆ In house design & development facilities
- ◆ Skilled and flexible work force
- ◆ Operating from freehold premises in Stalybridge, Ashton-under-Lyne

For further details please contact Bruce McEwen or either of the Joint Administrative Receivers, Ernst & Young, Lowry House, 17 Marble Street, Manchester M2 3AW. Telephone: 061-953 9000 Facsimile: 061-834 7117.

ERNST & YOUNG

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

BUSINESS FOR SALE

1. Chain of retail and wholesale mode shops in Czech Republic.
2. Department Stores in Czech Republic.
3. Gift and Crystal Shops in Holland.
4. Other Real Estate.

Contact: ARP Trading
Dělnická 12, Prague 7
Czech Republic
Fax: 42-2-802355

EASTERN STOCKIST/MACHINE SHOP

Fastener Stockist with small machine shop facility used for the manufacture of "spacers" for sale due to owners wish to retire. Approximately 12,000 Sq. Ft. Location - Midlands.
Write to Box 81048, Financial Times, One Southwark Bridge, London SE1 9HL

MANCHESTER

Licensed Restaurant/Cafe Bar City Centre
excellent site, turnover £728,000 p.a. full on licenseholder hours certificate, superbly presented with an air of elegance. First £20,000 on BUS £285,000. Ref: 1794
HARVEY SILVER HODGKINSON
TEL: 061 833 2000

SHIPYARD WITH INTERNATIONAL SPECIALIZATION IN SEARCH OF NEW OWNERS

Marinteknik, with operations in the town of Öregrund on the Baltic coast some 150 kms north of Stockholm, has long experience of shipbuilding and repair work. The shipyard has at present about 130 employees. The ships built at the yard are characterised by a very high quality, due to, among other things, great craftsmanship on the part of the employees. As a result of this, the shipyard has, despite keen international competition, no difficulties in finding buyers and customers to their ships and rebuilding projects in Europe as well as in the rest of the World.

We are now approaching prospective buyers with interest in and knowledge of shipyard activities of the same scope and quality as Marinteknik.

For further information please apply to Mr Göran Strandh, L.L.M., or Mr Arne Fall, L.L.M., at Ackordscentralen Stockholm, Box 14001, S-104 40 STOCKHOLM, telephone +46 (0) 8-670 44 00

Touche Ross

The Joint Administrative Receivers, R. A. Powdrill and A. R. Houghton, offer for sale as going concerns the business and assets of two modern, purpose built freehold hotels.

Hazel Grove Hotel, Hatfield

- ◆ 76 en suite bedrooms.
- ◆ Bar, restaurant and conference facilities.
- ◆ Close A1(M), M25 and M1 Motorways.
- ◆ T/O year to September 1992 of £1,088,000.

Watermead Hotel, Aylesbury

- ◆ 40 en suite bedrooms.
- ◆ Lounge bar and meeting room.
- ◆ 'Hotel Gaml' service.
- ◆ T/O year to September 1992 of £382,000.

For further details please contact the sole agents at the address below.

Robert Barry & Co., 7 Upper Grosvenor Street, Mayfair, London W1A 9PA. Tel: 071 491 3026. Fax: 071 629 9373.
Local firm of law, is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

ROBERT BARRY
CHARTERED SURVEYORS

CONVEYORS (YORKSHIRE) LTD

The Joint Administrative Receivers offer for sale as a going concern, the business and assets of the above company which manufactures and installs mechanical handling equipment and conveyors

Principal features include:

- ◆ Freehold properties at Kirkstall, Leeds of approximately 41,000 sq. ft.
- ◆ Internationally recognised market leader
- ◆ Annual turnover of £2m
- ◆ Modern, high-tech production plant
- ◆ Highly skilled workforce

For further information contact the Joint Administrative Receivers -
J H Priestley and B S Creber,

POPPINGTON & APPLEY

93 Queen Street, Sheffield S1 1WF
Tel: 0742 759033 Fax: 0742 768556

HELLENIC FERROALLOYS S.A. (H.F.A. S.A.)

UNDER LIQUIDATION

INVITATION FOR EXPRESSION OF INTEREST

Hellenic Ferroalloys S.A., under liquidation, with aim its privatisation, intends to transfer totally or partially the company (complete, well maintained, modern metallurgical plant for the production of FeCr, in approx. 400,000 m³ land in the site Tsingeli of Platano - Almyros of the prefecture of Magnesia, with port facilities and approx. capacity 40,000 tpa, mining rights for chromite reserves with underground and open cast mining works and ore beneficiation plants in the prefectures of Kozani and Grevena, machinery, spare parts, building, etc).

Interested parties can make, as an expression of their interest, any non binding proposal independently of its legal form, which will realise the aim of privatisation.

The relevant document must reach the liquidators at the latest by 17th June 1993.

After the proposals have been considered by the liquidators, confidentiality documents will be signed and the interested parties will receive information for the preparation of binding offers.

Proposals to be addressed to:

HELLENIC FERROALLOYS S.A. (H.F.A. S.A.)
Kifissia Avenue 18, 151 25 MAROUSI, GREECE

Attn: Messrs Liquidators

FAX: 01/6843527 TEL: 01/6843528 - 6843429 TLX: 210601
Marousi, 23.4.1993, The Liquidators

PR. COMPANY

Successful Midlands Public Relations Co. profits in excess of circa £150K, seeks buyers, buy in executive or merger partner to provide the management depth required for future expansion.

Contact Julian Hamilton on 0636 816210 (fax 816211) or write disclosing interest to 7a Church street, Southwell, Notts. NG25 0HQ

UNIQUE OPPORTUNITY FOR SALE

ONE OF AMERICA'S FASTEST GROWING SMALL COMPANIES, NICHE MARKET, NO COMPETITION.

Profit centers include company run operations in 5 large American cities - manufacturing/distribution through over 200 franchisees located in the U.S., Canada, Mexico, Western Europe, and the Middle East. This company was founded 14 years ago and the present management of the company prefers to continue working with the company. The sales for 1993 are anticipated to be in excess of 10 million U.S. dollars with 1993 projected earnings of over 2 million U.S. dollars. The absent owner of the company is asking 10 million dollars.

Send inquiries to Fax # 404 363 9797 (USA)

DURRANTS

Saint Helena Golf Club - Halesworth Suffolk

19th hole 25 miles Norwich 25 miles
The 27 Hole Golfing Complex is featured with a substantial clubhouse serving members and external patrons. Floodlit driving range. Current planning permission for 36 bedrooms on site accommodation and to include:
The freehold interest in up to 5 million tonnes of sand deposits.

For sale by Private Treaty.
Offers in excess of 2.5 million (Ref: ND)
34 Thoroughfare Halesworth Norfolk IP20 8AU
Tel: 0579-853861 Fax: 0579-854147

Long established metal finishing and electroplating business based close to London M25. Due to planned retirement of present owner directors. Good customer base with experienced and settled staff. Present turnover £700,000 approx per annum.
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Please write to: Charterhouse, 154/156 College Rd, Harrow, Middx HA1 1BB.

SCOTTISH HIGHLAND TOWN CENTRE HOTEL

30000 sq ft on site 2000 sq ft on site 25 bedrooms (21 en suite), cocktail bar, restaurant, & function room. Good advance bookings OFFERS OVER £660,000 ROBERT BARRY & CO. TEL: 01-486 5888

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Neples Florida
Diamonds, Oriental Rugs, Art Price: \$2,500,000 Cash including \$1,900,000 inventory and fixtures & 2 sales valued at \$110,000. Gross Sales \$2,000,000 Fax: 813 434 8425 USA

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On the Instructions of Joint Administrative Receivers of Mermaid Hotel (Rye) Ltd and Hotels of the Cinque Ports Ltd

FRENCH'S INN

Hastings, Sussex
Close town centre, main bar, dining/function room, 4 letting beds, manager's 3 bed flat. T/O for 11 months to Jan '93 £170,714 exc. VAT.
Offers invited, leasehold. Ref. 4/5649

THE GEORGE INN

Alfriston, Sussex
14th Century Inn/Restaurant. Restaurant (30+), main bar, 8 letting beds, manager's flat. T/O for 11 months to Jan '93 £268,348 exc. VAT.
Offers invited, leasehold. Ref. 4/5650

MERMAID INN

Rye, Sussex
15th Century commercial/tourist Inn. Close town centre, 28 letting beds, bars/lounges, restaurants, boardroom, car park. T/O for 11 months to Jan '93 £690,566 exc. VAT.
Offers in excess of £1,000,000 freehold. Ref. 4/5653

CINQUE PORTS HOTEL

Hastings
Purpose built in 1988. 40 en suite letting beds, lounge bar, restaurant, reception lounge, library, 3 function rooms. T/O for 11 months to Jan '93 £421,256 exc. VAT. Leasehold-121 years remaining. £400,000 Leasehold. Ref. 4/5651

ABBOTS BARTON HOTEL

Canterbury
Extended 19th Century hotel in approx. 2 acres. 41 letting beds, 2 syndicate rooms, 5 staff beds, 2 bars, lounge, restaurant, function room. T/O for 11 months to Jan '93 £317,901. £425,000 freehold. Ref. 4/5652

For further information please contact: Simon Hughes
071 486 4231

CHRISTIE & CO

International Co-Edition Books

The Joint Administrative Receivers of Ilex Publishers Limited, A Lovett and CK Rayment, offer for sale as a going concern the business and assets of the company. Principal features include:-

- ◆ 43 major reference books - estimated turnover for next 4 years of £6.8m
- ◆ 20 titles in production
- ◆ Best sellers - Children's World Atlas - 10 language editions - Children's Animal Atlas - 5 language editions - Combined 1000,000 copies already sold

- ◆ Over 50 international publishing clients
- ◆ Operates from premises in Oxford

For further information, please contact Alan Lovett at Ernst & Young, Apex Plaza, Reading RG1 1YE. Tel: 0734 500611. Fax: 0734 507744.

ERNST & YOUNG

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PEOPLE

Sir Peter Imbert tails Kroll



week at ISS in the first six months. One of his first tasks

will be to advise on how to expand the corporate investigation side.

"It irritates me immensely sitting as an Englishman in the middle of the City that most investment banks think of Kroll Associates [which is American] and not us", Wick fumes from his office in Lovat Lane.

Sir Peter feels strongly about the need for ISS's type of work. "Companies and other organisations are just not well enough prepared to handle the kinds of crises they face today - anything from armed robbery through kidnapping to terrorist activities... Put bluntly, companies will either survive or be defeated according to their readiness to deal with such events."

Sir Peter Imbert, who retired as commissioner of the Metropolitan Police earlier this year, has picked up his second new assignment, as a consultant to Integrated Security Systems. He is also a non-executive director of Securicor.

ISS, founded by ex SAS officer John Wick nine years ago, advises governments and companies on a variety of security issues from crisis management to the design of large integrated security systems.

It has just three executive directors with eight retained associates and a handful of consultants. Eighteen months ago the management bought itself out from Lloyd's managing agents P.W. Kinnmonth.

Wick says Imbert will be spending one or two days a

Financial moves

David Bilbé has been appointed md of Geeserve, part of CHEMICAL BANK.

Aidan Paul and Geoff Zeldler have been appointed directors of ROBERT FLEMING.

Russell Graft and Andrew Peskin have become partners at TOWNSELY & Co.

John Lee, international personnel manager for ICI, is to be general manager, group personnel at HALIFAX BUILDING SOCIETY.

Keith Ashworth-Lord, a former director and head of research at Henry Cooke, has been appointed deputy executive director and chief analyst at DAIWA Institute of Research (Europe).

Alan Mackay, UK corporate development director, personal financial services, and Nick West, communications consulting director, have been appointed to the board of NOBLE LOWDES.

Alex Ingham Clark has been appointed institutional marketing director of GUINNESS FLIGHT; he moves from Morgan Grenfell Asset Management.

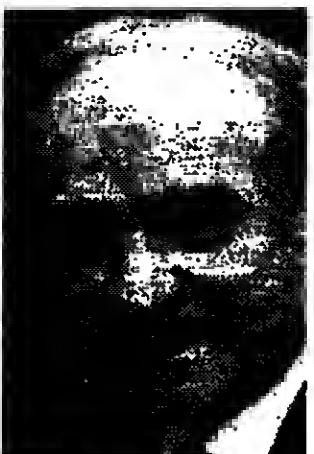
Mick Brewis has been appointed a partner of ELLIOTT GIFFORD.

Gerald Waterworth has joined the executive of SCARBOROUGH BUILDING SOCIETY with responsibility for finance; he moves from Norwich & Peterborough Building Society.

Keith Higley, (right) formerly director of Lloyds Bank Commercial Service

Sir Terence Heiser, previously permanent secretary at the Department of the Environment, has picked up another non-executive position, this time at stockbrokers Smith New Court. John Gunn, former chief executive of British & Commonwealth Holdings, stepped down in January after six years on the board.

Hardly in the mould of the traditional Whitehall mandarin, Sir Terence, who was raised on a council estate and left school at 16, has been much in demand since retiring last June. He is also on the board of Abbey National, J Sainsbury and Wessex Water. SNC's chief executive Michael Marks, who is presumably something of a maverick himself having joined Smith at 17 in 1969, says he and his fellow directors were "hugely impressed with [Heiser's] wider business perspective". They would also value his "general guidance on person-



nel issues" - rather than anything as strictly "commercial" as helping the corporate finance department win more privatisation mandates.

Meanwhile, Sir Terence, who has not so far found it necessary to join a London club, will perhaps find the atmosphere at SNC, which has never quite shaken off its barrow-boy image, rather more exciting than at some of its stiffer rivals.

At the same time SNC announced four executive additions to the board: Marc Edwards, 44, in charge of Smith New Court Carl Marsh's equity activity in the US; John Evernden, 46, director of UK sales trading; Philip Jolowicz, legal director of Smith New Court Securities; and Richard Margolis, managing director, corporate finance of Smith New Court Far East in Hong Kong.

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Serious investors know that the Annual Report is vital to understanding a company and making investment decisions, but until now has not always been easily obtainable.

The lines are open 24 hours a day, 7 days a week, or you may fax your request to +44 81 770 3822

Remember to check that the company is marked with a ♣ in the FT London Share Service, and quote the code number at the bottom right-hand corner of those pages.

BUSINESSES FOR SALE

FOR SALE

Niche business undertaking design and project management services for a blue chip customer base.

This subsidiary has shown high growth and substantial profits in a stable market sector. Its sale is prompted by the need to concentrate group management resources on its core activity.

This provincially based business will be of interest to national and international companies wishing to gain entry into the European process industry in the field of chemical and food technology.

In recent years, to 31 March 1993, the business has yielded operating profits in the order of £500k pa. Offers including an element of deferred consideration will be considered.

Principals only please to:-

Box No A-4909, Financial Times
One Southwark Bridge, London SE1 9HL

FOR SALE

Majority Shareholding in SCARBOROUGH FOOTBALL CLUB LTD.

The Club owns its Ground, is financially stable and well managed.

Further details from the Chairman:-

c/o Ronson plc
Ring Road
Leeds LS14 1LX
TEL: 0532 734373
FAX: 0532 733466

ACQUISITION OPPORTUNITY

UK Based Wholesale Meat Processing and Packaging Business
T/O Around £7.5 m

- * No Financial problems
- * Prestige (50 strong Customer Base)
- * Net Assets around £560,000
- * Main Product Minced Beef (100 tons of Beef per week)
- * North East
- * Products sold in 1000's of High St. Food Stores
- * Enormous Growth Potential
- * Est. 20 years.

For details write to Box A4908, Financial Times, One Southwark Bridge, London SE1 9HL

AN OUTSTANDING OPPORTUNITY

A holding Company wishing to concentrate on its core activity is seeking to dispose of an engineering subsidiary.

The principal products are a well developed rough terrain vehicle and a range of optional equipment.

Target markets into which the vehicle has been sold include Utility Companies, Local Authorities and the Ministry of Defence.

A specialist hire operation has also been established.

Please Reply to Box B1056, Financial Times, One Southwark Bridge, London SE1 9HL

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£15 MILLION + TURNOVER PROFITABLE

Selling mens & womens clothing to major multiples in England and Europe.

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AUCTIONS

ON JUNE 23RD OVER
\$350 MILLION
OF WASHINGTON'S HOTTEST COMMERCIAL
REAL ESTATE WILL GO ON THE BLOCK

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AUCTION!

The largest single city real estate auction ever, featuring an extensive selection of valuable commercial property, will be held by the DeCaro/Carry Wilson Companies at the Reston Town Center Hyatt on June 23rd. Over 70 assets from the Washington, DC area, as well as the Baltimore, Richmond, and Tidewater areas will be offered from motivated sellers including several banks, institutions, and others. This is the astute investor's opportunity to purchase desirable commercial property in the number one commercial real estate market in the country.

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(South London)
FOR SALE

149 en-suite bedrooms, 9 bars, 6 bars, roof top restaurant, parking 150 cars and external pub. Leaseback Sale (lease negotiable), 10% yield

FREEHOLD £4 M

Principals only 081 571 0076 (any time) Offers in by 12 noon, 25th May 1993

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COMPANY NOTICES

Robeco N.V. and Rolinco N.V.
at Rotterdam, The Netherlands,

herewith announce that they have received a statement as referred to in Article 9, section 1 of the Wet melding zeggenschap (the Major Holdings in Listed Companies Disclosure Act), the Netherlands act implementing the EC Directive of 12th December, 1988 (88/627/EEC). In conformity with the Act, the contents of these statements are obtainable at the offices of the Management Boards, Coolingsingel 120, Rotterdam, The Netherlands.

Rotterdam, 11 May, 1993

CONTRACTS & TENDERS

ALBANIA
CRITICAL IMPORTS PROJECT - IDA CREDIT 2404 - ALB

The Government of Albania has received a credit from the World Bank towards the cost of the Critical Imports Project and now invites sealed bids from eligible bidders for supply of the following items through International Competitive Bidding under World Bank Procurement Guidelines:

a) Contract MO/12/93/93:
- 4-ty 20 trucks 4x2, 6-8 tons payload, for collection and transport of solid urban refuse, tipping body, and relevant spare parts.
- 4-ty 5 trucks 4x2, 6-8 tons payload, with water tank and water sprinkling system, for road washing.
- 4-ty 5 trucks, 4x2, 6 tons payload, with tank for fuel transportation.

Cost of bidding documents: USD 200
Bid submission deadline and public bid opening date: June 25, 1993, 12:00 Midday.

b) Contract MOA/13/93/93:
- 4-ty 7 Backhoe excavators, 15 tons weight, crawler type.
- 4-ty 5 Backhoe excavators, 25 tons weight, crawler type and relevant spare parts.

Cost of bidding documents: USD 200
Bid submission deadline and public bid opening date: June 24, 1993, 12:00 Midday.

Bidding Documents are now available from the Project Implementation Unit, Ministry of Finance and Economy, and can be obtained from the same on submission of a written application and upon payment of the mentioned non-refundable fee into the account no. 4561/107/01, maintained by the P.U. at the National Commercial Bank of Albania (formerly Albanian Commercial Bank), Tirana - Albania.

Further information can be obtained from
THE WORLD BANK CRITICAL IMPORTS PROJECT IMPLEMENTATION UNIT, TIRANA
Mr. Agim Blado
Phone: +355-42-279338
Fax: +355-42-279441
Telex: 4696 Isopjanta

c) Contract OPE/10/93/93
- 4-ty 20 double cab 4x4 pick up vehicle, 1000 kg payload, and relevant spare parts.
- 4-ty 12 5 sets 4x4 vehicles, jeep type and relevant spare parts.

Cost of bidding documents: USD 150
Bid submission deadline and public bid opening date: June 26, 1993, 12:00 Midday.

Bidding Documents are now available from the Albanian Electroenergetic Corporation (KESH), Tirana and can be obtained from the same on submission of a written application and upon payment of the mentioned non-refundable fee into the account no. 4439/107, maintained by KESH at the National Commercial Bank of Albania (formerly Albanian Commercial Bank), Tirana - Albania.

Further information can be obtained from:
ALBANIAN ELECTROENERGETIC CORPORATION
TIRANA
Mr. Mihal Jorgoski
Phone: +355-42-258111
Fax: +355-42-320448
Telex: 2173 DIE

DISPOSAL OF EQUIPMENT

UK Electricity Generation intends to offer the following equipment for sale by sealed tenders to be received by mid-June 1993:

- 4x500MW three phase 60 cycle Steam
- Steam conditions: 1250 psig, 600°F; Reheat: 1250 psig, 550°F
- 4x1000MVA water cooled transformers 115kV/132kV
- Auxiliary Equipment comprising steam feed systems, condensers, water and oil coolers, jacking oil system, turbine group board, overcurrent limiting gear panel.

NOTE - No steam raising equipment is available in this offer

This equipment is available for immediate removal, provisionally to be completed by September 1993.

Representatives of interested in:

- Site Manager
- Nuclear Electric plc
- Berkeley Power Station
- Berkeley
- Gloucestershire GL13 9FA
- United Kingdom

For the attention of Mr J Hall,
Telephone 0469 810481 Fax 0469 810407

Note that tenders will only be accepted on Nuclear Electric's standard Form of Tender which, together with Instructions to Tenderers and Conditions for Disposal, can be obtained from the above address.

LEGAL

NOTICES

IN THE MATTER OF WEST PACIFIC INDUSTRIES LIMITED

IN THE MATTER OF THE INSOLVENCY ACT 1986

NOTICE IS HEREBY GIVEN that the creditors of the above named company, which is being voluntarily wound up, are required, on or before the 5th June 1993 to send in their full names, their addresses and descriptions, full particulars of their claims or debts, and the names and addresses of their solicitors, if any, to the undersigned, Kevin William Page of Grant Thornton Byrne, 39/27 Lippo Tower, Lippo Centre, 89 Queensway, Hong Kong, the Liquidator of the said company, if so required by notice in writing from the said Liquidator, or, personally or by their solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

DATED THIS 5th DAY OF MAY 1993

Kevin William Page
Liquidator

IN THE MATTER OF AUSTINLEASE LIMITED

AND

IN THE MATTER OF THE INSOLVENCY ACT 1986

NOTICE IS HEREBY GIVEN that the creditors of the above named company, which is being voluntarily wound up, are required, on or before the 5th June 1993 to send in their full names, their addresses and descriptions, full particulars of their claims or debts, and the names and addresses of their solicitors, if any, to the undersigned, Kevin William Page of Grant Thornton Byrne, 39/27 Lippo Tower, Lippo Centre, 89 Queensway, Hong Kong, the Liquidator of the said company, if so required by notice in writing from the said Liquidator, or, personally or by their solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

DATED THIS 5th DAY OF MAY 1993

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DATED THIS 5th DAY OF MAY 1993

Kevin William Page
Liquidator

Notice of Appointment of Joint Administrative Receiver

DSF REFRACATORIES LIMITED

Registered number: 56625 Trade description: Refractory

11. Date of appointment of Joint Administrative Receiver: 29 April 1993. Name of person appointing the Joint Administrative Receiver: Bank of Scotland Joint Administrative Receiver: David John Stokes and Bruce Graham, Company Liquidators, 1 Bank Parade, Sheffield, S1 2ET. Office number: 2042 and 51011

Signed
D J Stokes 31.4.93

CONFERENCES

THE BRITISH ECONOMY AND THIRD WORLD DEBT CONFERENCE

June 10, 1993 - London WC2

Participants include:

- Susan George
author of *The Debt Boomerang*
- Mr E. Nollans
President, African Development Bank
- Prof. Adebayo Adedeji
African Centre for Development and Strategic Studies
- John Eastwell
Trinity College, Cambridge
- Will Hutton
The Guardian
- Frederic Z Haller
Morgan Grenfell Group plc
- John Monks
Deputy General Secretary TUC

For further information telephone or write the above named and your hostesses to: The Organisers,
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50 Hatten Garden, London EC1N 8LS
Tel: 071 404 1413 Fax: 071 404 1347

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or
Melanie Miles 071 873 3308



THERE can be no doubt that Philips, the Dutch electronics group, is a winner when it comes to inventing successful new products. The music cassette, the video cassette recorder and the compact disc - to name just three of the company's best-known inventions - were all born in Philips' laboratories in Eindhoven, forming the basis of what was, until recently, a profitable business in consumer electronics.

Now, as the company struggles to shake off losses in precisely this field, Philips is seeking to go one step beyond simply coming up with bright new products. The 102-year-old company is searching for ways to identify, evaluate, develop and launch entirely new businesses, ones which will unlock a stream of new revenue and keep Philips ahead of the pack, allowing it to benefit from the profitable early years of a new product's life cycle.

The challenge, in short, is to foster a "business creation" mentality in the labs - and elsewhere in the company - as both a prelude and a component of the decisive "product creation" stage.

At the same time, Philips needs to overcome mistakes of the past, when its research and marketing people were practically strangers to each other, a situation that sometimes prevented the smooth translation of laboratory successes into corporate profits.

The man throwing down the challenge is Frank Carrubba, a 55-year-old American with a long background at Hewlett-Packard and IBM, whose appointment in late 1991 was a mini-revolution for Philips, which had prided itself on advancing its home-grown technological talent.

Carrubba, an executive vice-president who is responsible for industrial policy, intellectual property and purchasing, as well as for technology, says "business creation" at Philips will begin in earnest on June 1, when the group management committee forms a new sub-committee, the Technology and New Business Assessment Committee. It is here that potential new businesses will be reviewed at the most senior level in the company. Action may be taken on some of them by the autumn, he says.

"The businesses that have been identified [at the pre-screening stage] have come to a large extent from the younger employees in the engineering and research community," he says, declining to give any details. "They've had a whole series of ideas stored up inside them waiting for the company to settle

Philips is seeking to go one step beyond simply coming up with new products, writes Ronald van de Krol

The challenge of creativity



Despite limited resources, Philips has been pouring money into the manufacture of liquid crystal display panels at Eindhoven

down long enough to listen to them."

Researchers whose ideas move beyond the pre-screening stage will be allowed to make their pitch to the group's senior executives. "They have to be this excited entrepreneur trying to sell to a venture capitalist," Carrubba says.

The "Silicon Valley" analogy is no accident. The appointment of a foreigner, such as Carrubba, to the top research and development post at Philips is part of the company's attempt since late 1990 to shake up its lethargic corporate culture.

When he arrived from California in 1991, Carrubba found an R&D apparatus that had grown complacent after decades of riding the wave of the post-war economic boom. "Most companies, and ours was not different, saw challenge and change as frightening things, something you worried about when you saw it happening," he says.

Because of its past successes, Philips had allowed some of its products and businesses to reach maturity before starting to cast around for replacements. One of Carrubba's main goals in business and product creation is to seize upon new ideas more quickly and

shorten the time from lab to marketplace. Another is to break down divisional barriers and promote "technological transfer" within the company.

So far, Carrubba believes Philips has made good progress, but more needs to be done. Better communication between divisions, for example, remains essential.

His new focus on business creation is the last phase of a wider effort to enhance product creation. This latest challenge comes, how-

'Most companies, and ours was not different, saw challenge and change as frightening things'

ever, at a time when the company's research and development people are still recovering from the turmoil that has enveloped Philips so far in the 1990s.

Since 1989, the year before Philips slid into deep losses, the number of people who work in R&D has been slashed by more than 30 per cent to 28,017 from 40,732. R&D spending is

also down sharply, from F14.6bn (£1.7bn) in 1989 to F13.7bn in 1992, a decline of 20 per cent.

Less easily quantifiable is the effect on researchers of Philips' decision that it can no longer afford to be in the forefront of developing every type of technology. Nor can it continue to develop and build in-house every significant component that it needs for its products.

Both changes were symbolised dramatically by the decision in 1990 by the company's new president, Jan Timmer, to pull out of pilot production of one-megabit static random access memory chips, a field that had meant much prestige, but no profits for Philips.

Rather than trying to do everything itself, Philips was signalling it was prepared to make difficult decisions about when to buy in expertise and when to go it alone.

Though more open to considering outside suppliers than before, Philips has committed itself to maintaining its R&D command of core components, technologies and competences, Carrubba says.

These are, in turn, closely linked to a list of 15 key "president's projects". The complete list has never been made public, but it is known

to include Philips' three new efforts in consumer electronics (high-definition television, compact disc-interactive and digital compact cassette) as well as high-resolution monitors, cellular radio and active matrix liquid crystal displays.

In spite of more limited resources, Philips has clearly been pouring money into LCDs, an increasingly important product module in portable television sets and lap-top computers, so that the company will not have to rely on supplies from its competitors in the Far East.

Carrubba says the difference between these components and sub-micro memory chips is that the latter have become "off-the-shelf items that are available at market prices on the open market and in volume".

Philips also intends to remain the master of its own destiny in all facets of signal processing, such as the manipulation, compression and enhancement of images and sound.

"If we're going to be in businesses like audio, video, compact disc-interactive or interactive media, without having that technology we would be hung out to dry. Because anyone out there that owns those technologies would be direct competitors, most likely, and they would be able to manipulate our future. So we can't let that happen," he says.

One example of a core competence is miniaturisation, an element which Philips believes will be of growing importance to a wide range of products and projects in future. If miniaturisation is central to Philips' business prospects, then so are related technologies, such as the visualisation skills needed to perform sub-miniature board assembly.

Miniaturisation is also a good case in point of how Carrubba is setting about trying to break down divisional barriers and shorten the lead time for the manufacture of new products.

The focal centre of miniaturisation work is now a prototype assembly line which, until recently, was standing idle within the consumer electronics division in Eindhoven. Researchers from corporate research, as well as technical and manufacturing people from Philips' product divisions, now come to the miniaturisation centre for training, where the prototype facilities allow real hands-on work to take place.

For some divisions, miniaturisation may not yet be on the horizon, but in the meantime the goal is to "infiltrate" people with miniaturisation technology experience into research and manufacturing throughout the company.

"When manufacturing gearing-up begins, there will be 'champions' of that technology in that business," Carrubba explains.

Plotting a model economy

Peter Marsh on new software which can be applied worldwide

An Australian computer programmer turned economist has devised a set of software which he claims can be used to simulate virtually any of the world's leading economies.

Warwick McKibbin, who studies economics at the Brookings Institution, a Washington-based think-tank, has sold his software to government institutes in several countries including the US, Australia, Canada and South Korea.

His computer codes have been used by Japan's Economic Planning Agency to work out the possible path of Japanese growth and by the US Congressional Budget Office, the economics arm of Congress, to calculate how export and import volumes will be affected by the proposed North American Free Trade Agreement.

At the heart of the program is a computer code representing about 600 mathematical relationships linking economic indicators in the main regions of the world, including Japan, western Europe, North America, the Middle East and the former Soviet Union. McKibbin - who left school at 16 to work as a programmer and later gained an economics doctorate at Harvard University - can then add to this code up to 1,000 or so other equations representing the economic features of the particular country he wants to model.

In this way he can "customise" his model, which runs on a cheap desktop computer, to suit the specific characteristics of individual nations.

The equations in McKibbin's model cover factors such as wage costs, unemployment, prices of physical assets such as houses and the amount of money being channelled through capital markets.

By linking these factors according to the ways they influence each other in reality, the computer code provides a rough replication of how a specific development - an increase in interest rates affects other factors such as longer jobless queues.

McKibbin, aged 36, who worked for 16 years at the Australian

central bank and had a spell on secondment to the Japanese government, claims his model is easier to use than other similar sets of computer code linking up economic variables.

He says also it has done a "good job" in simulating economic conditions in specific countries, and for instance was successful two years ago in predicting the budget deficits and build-up of inflation in Germany arising from unification.

Computerised models are a well-known tool used by many economists to simulate conditions in specific countries and so help in forecasting and analysis of trends such as inflation or budget deficits.

However, they are normally specially designed to describe conditions in a particular country and can only occasionally be adapted in the manner of McKibbin's model.

With his wife, McKibbin has formed a company, McKibbin Software Group, to sell his programs.

A basic model customised to simulate the economy of a particular country costs about \$15,000 (£10,000), with McKibbin charging extra for special services including updates of the software.

He is looking to build on the company's current annual sales of about \$150,000, and one possible client in the future could be the UK Treasury with which the Australian economist has had tentative discussions.

The Treasury already has its own purpose-built model of the UK economy which is supervised by an in-house team of 30 economists.

However, the UK government department - which has been severely criticised in recent years for misjudging the path of the domestic economy - is increasingly trying to link up with outside economists to see if it can improve its techniques of economic analysis.

Use of "rival" models which work in a different way from the Treasury's model might be one way to build up an alternative picture of what is happening in the economy.

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BUSINESS AND THE LAW

Equal pensions ruling clarified



EUROPEAN COURT

At the end of April the European Court delivered its preliminary opinion in four cases brought before it seeking clarification of equal pension rights following the court's

Barber judgment of 17 May 1990. Advocate General Walter Van Gerven, delivering the opinion, said the equal treatment principle may not be relied upon to claim entitlement to an occupational pension acquired in connection with periods of employment served prior to 17 May 1990, except in the case of employees or those claiming under them who have before then initiated legal proceedings or claimed under applicable national law.

According to Mr Van Gerven, contracted-out and supplementary occupational pension schemes are characterised by their "accruing" nature - an employee accrues pension entitlement on the basis of his or her periods of employment. There is a distinction, therefore, between the creation of pension rights on the basis of completed periods of service - at least for fixed-benefit schemes as in the *Colwell* case - or completed payments of contributions, for fixed-contribution schemes, and the exercise of such accrued pension rights when the pension first falls due for payment.

This interpretation largely coincides with that adopted in the "Protocol on Article 119 of the Treaty establishing the European Community" annexed to the Maastricht Treaty.

Mr Van Gerven also answered a number of further questions:

- Which forms of occupational pension are subject to Barber?

Barber applies not only to contracted-out occupational schemes but also to all other forms, including supplementary pensions.

- Are sex-based actuarial calculation factors compatible with equal treatment?

Use of such factors constitutes, at least in so far as it results in different contributions and benefits for men and women, unequal treatment on the ground of sex prohibited by the Rome Treaty. Like Barber, the temporal effects

must be limited to after the judgment date.

- Who may rely on equality principles applied to pensions?

Employees and surviving spouses, including those entitled to certain kinds of widower's pension, may do so, subject to appropriate temporal limits.

It is immaterial whether an occupational pension scheme is funded exclusively by employer's contributions or also by compulsory or voluntary employee contributions. However, where only employees of one sex are members of an occupational pension scheme, they will have no such right, provided the employees within the company or division concerned are all of that sex.

- May equality principles be relied upon against trustees?

Employees or those entitled under them may do so.

Trustees of occupational pension schemes are obliged by Community law to do everything within their powers, even if that involves overriding legislation, contracts or trust deeds, to ensure equal pension benefits. National courts responsible for supervising trusts must comply with Community law principles requiring effective and equivalent remedies.

However, questions relating to the liability of a pension scheme and that of the employer in the context of equal treatment infringements, particularly where the funds of one party (like in *Colwell*) are insufficient, can be dealt with only at national level. National rules on liability must be no less favourable than those which would apply to similar national claims and be effective.

- May future pension schemes reduce available benefits in the interests of equality?

For past infringements, the only remedy is to increase the benefits to the level of the advantaged sex. For future service, Community law allows employers to reduce pension benefits provided they are the same for men and women.

Cases C-109, 110, 152 and 200/91, *Ten Oever, Moroni, Neath, Colwell Pension Trustees Ltd, Advocate General Van Gerven, Opinion*, 28 April 1993.

BRICK COURT CHAMBERS, BRUSSELS.

Robert Rice on a legal tool that may give a boost to Europe's film industry

Star of the silver screen

As the film industry gathers in Cannes next week to see movies and be seen, European film makers will reflect on yet another year spent in the shadow of Hollywood.

In spite of the critical success of such films as *Howards End* and *The Crying Game* the commercial success achieved by US studios continues to elude the European industry. Mass-market films with international appeal, which the Americans are so successful at making, remain a scarce commodity in Europe.

Many of the plans hatched in Cannes last year for European productions with international appeal will have foundered on the difficulties of getting bilateral or multinational co-productions off the ground. This year, however, as they sit down with renewed enthusiasm to make plans which they hope will revitalise the European film industry, producers will have with them a new business tool - the so-called Model Co-production Terms. These were drawn up by Denton International, a group of law firms from the UK, Germany, Holland and Denmark, but were the idea of Eurimages, the pan-European support fund of the Council of Europe for the co-production and distribution of European feature films and documentaries.

The model terms aim to offer contractual solutions to the key issues - such as ownership of rights, editorial controls, distribution patterns and risks of insolvency - which co-producers face under Europe's various legal systems, and to make it easier for European co-producers to apply for Eurimages funding or for benefits under the European Co-Production Convention.

Launched three weeks ago, the model terms have already received an enthusiastic welcome from some European producers.

"Co-productions are definitely the way forward," says Mr Nick Hobdell of Screen Finance magazine. "The ability to access European subsidies is tremendously important. Big budget films are too expensive for individual production companies to fund on their own."

The success of the model terms will depend to a great extent on how far European industry as a whole is in agreement with that view. A 1991 study of the competitive positions of the European and US film industries produced by London Economics for the Media Business School found the strategic options for the European film industry were not obvious.

Should it strive to find the means to challenge for a bigger share of the mass-market box office by aim-



European front: Vanessa Redgrave and Emma Thompson at Cannes

ing to make and sell films across the Continent, with continued expansion of European co-production? Or should it accept that European film makers would on the whole do better to leave the production of big budget feature films to the Americans and concentrate on national success with each country's industry aiming to sell film in its local market?

Current policy is directed towards encouraging European film makers to challenge for a bigger share of the mass market by making and selling films across the Continent. The policy is easy to justify in terms of commercial goals. The American film markets, including video rentals and sales, were worth nearly \$17bn (£11bn) in 1992, and the European markets more than \$8bn. These markets are dominated by US producers. A larger share of the overall market for European producers and distributors would greatly enhance European film-making resources.

Promoting the European industry would also result in benefits for consumers, giving them greater choice in the face of a US monopoly. Per capita admissions to the cinema

in Europe are half those in the US. Europeans only go to the cinema on average 1.8 times a year while Americans go on average 4.6 times. Arguably this is a reflection of the way American themes and popular culture dominate mass-market feature films. If Europe provided the context, theme and backdrop of more of the world's films, perhaps Europeans would go to the cinema in greater numbers.

The problem of how to put European policy into practice remains, however. Mr Adrian Barr-Smith, a partner with solicitors Denton Hall Burgin & Warrens, the UK arm of Denton International, believes it has been the lack of guidelines for avoiding the traps and tricks of co-production which has been holding European producers back.

One of the pre-conditions for applying for Eurimages funding (it has offered co-production support in the form of refundable loans since 1988) is a signed agreement between the co-producers. Similarly, an agreement is required for producers to get access to the benefits available to national films through the Co-Production Convention which should come into force later this

year once it has been ratified by five European countries.

This represents something of a Catch 22 situation. Co-producers cannot apply for European funding until they have a co-production agreement and few of them have enough experience of co-productions to know how to go about drawing one up. The model terms should address that problem, says Mr Barr-Smith, by providing a common starting point for reaching bilateral and multilateral co-production agreements.

The terms stop short of being a model agreement," says Ms Angela Jackson, one of the Denton lawyers responsible for drafting the model. "It's more of a menu or list from which they can choose the elements they want, a legal 'how-to'."

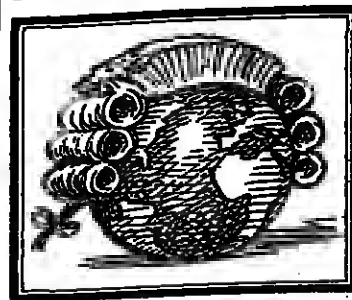
Contracts are frequently signed late in the film business, she explains. Producers like to hedge their bets, but they start hiring and setting up shooting arrangements often without an agreement. The industry is founded on trust, but then problems arise which producers find difficult to raise while projects are in their formative stages. The terms will allow such issues to be settled early on, rather than waiting for things to break down.

Denton stresses the importance of co-producers concluding agreements in writing. A common problem in European co-productions is that meetings and phone calls take place in different countries; letters and faxes are sent, and letters of intent and deal memos signed. But later, when problems arise, it is difficult to say with any certainty whether a binding written or unwritten contract was made under the laws of any particular country.

Mr Barr-Smith is keen to emphasise that even if no contract is signed there is still a risk under the various legal systems of Europe that a binding oral agreement has been concluded. And even if no contract, written or oral, has been concluded there may still be a risk under some legal systems - under German and Dutch law, for example - that legal consequences flow from the mere breakdown of negotiations.

Ms Jackson and Mr Barr-Smith believe the model is a business first. If it works, it could provide the basis for multinational co-operation agreements in other sectors of industry, they say. In pharmaceuticals, for example, it might be possible to draw up a similar model for multinational development of drugs. But whatever the model's application in other industries, European cineastes will be hoping the film industry gives it a favourable review.

LEGAL BRIEFS



Clearer picture for creditors

FOLLOWING a decision by Lord Mackay, the Lord Chancellor, the Registry of County Court Judgments has begun to register administration orders.

Administration orders, like judgments, will remain on the register for six years.

Mr Malcolm Hurlston, chairman of Registry Trust which runs the register for the Lord Chancellor's department, said the most frequent users of the register were creditors seeking information on loans applicants who were already in debt. The addition of administration orders to the register would improve the quality of information available to lenders, Mr Hurlston said. The trust expects to register about 11,000 orders a year compared with 2m judgments. No orders dated before April 1993 will be registered.

Trainees press case for loans

THE Trainee Solicitors Group has approached UK clearing banks and building societies in its search for an institution prepared to operate a centralised loan scheme for prospective trainees.

Graduates hoping to qualify as solicitors in England and Wales must take the new legal practice course. Fees for the nine-month course total £5,000, almost double the cost of the old Law Society finals course. Students also need about £3,500 for living expenses.

Grants for the course are discretionary and presently only 38 per cent of local authorities provide some form of assistance. The burden of funding has thus shifted to the prospective trainee. This has raised fears that unless a loan scheme can be secured the profession will only be open to those with private means. Trainees will demand mandatory grants for the course and the introduction of soft loans at a mass lobby of parliament next Monday.

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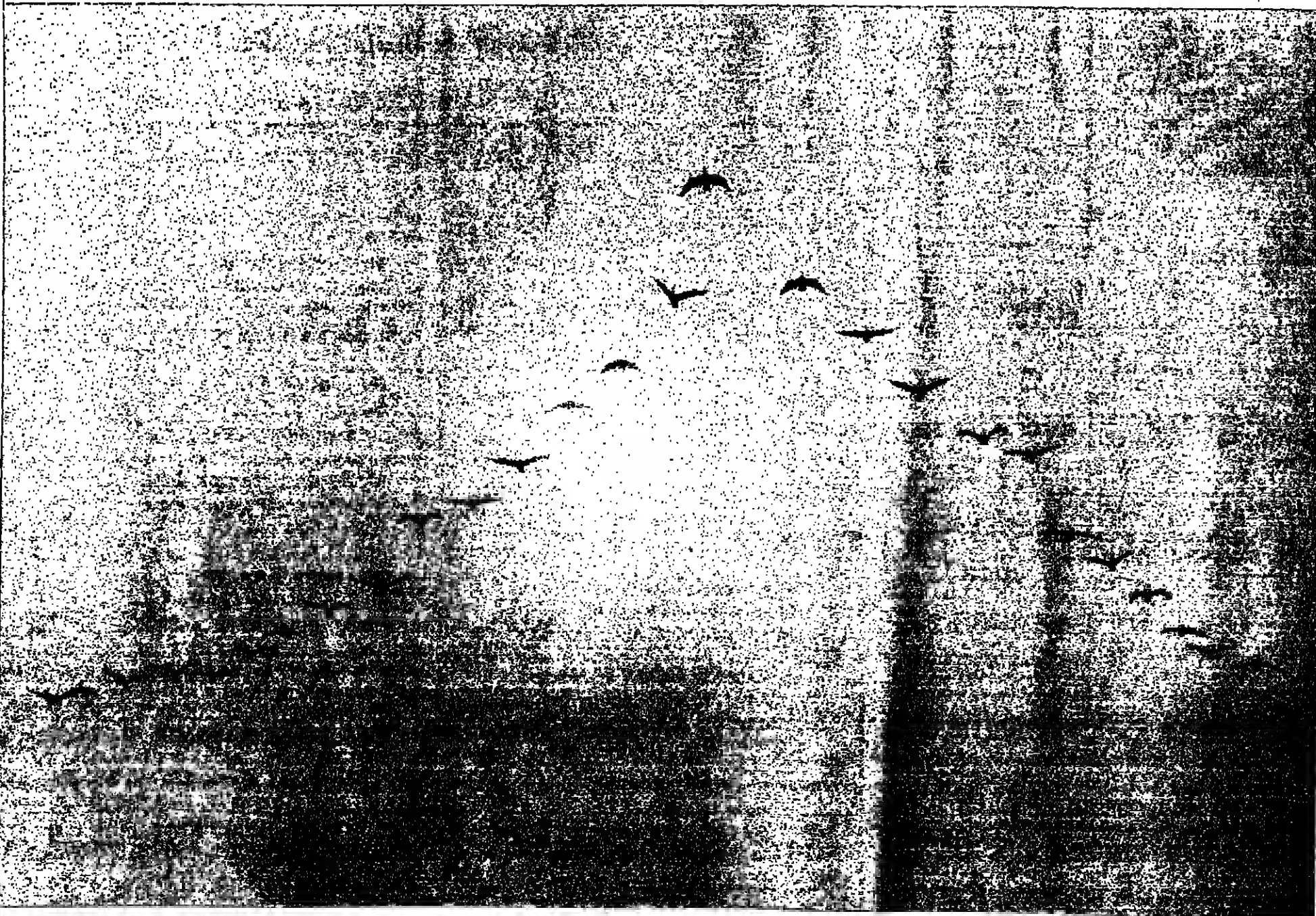
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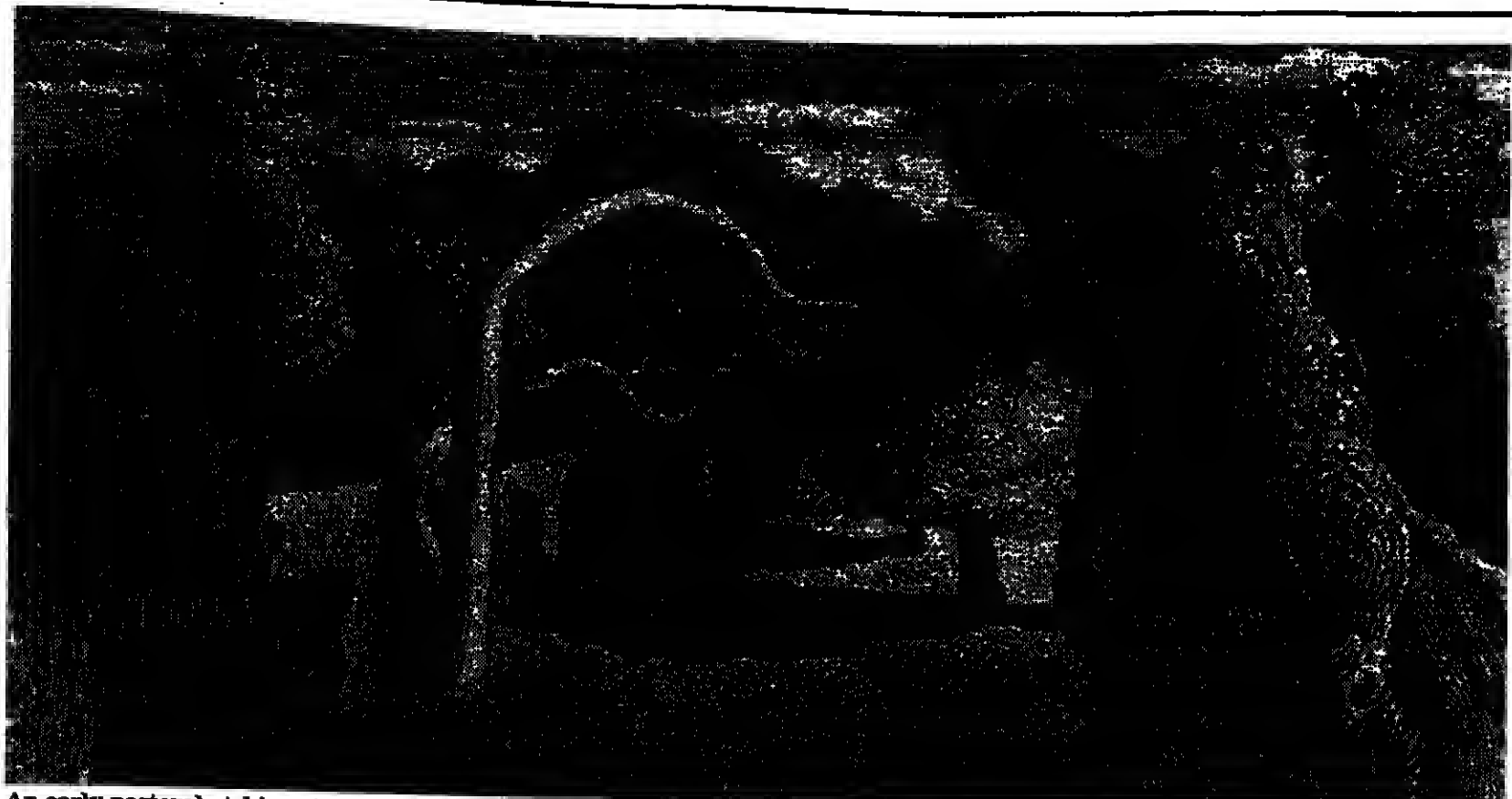
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GIVING HELP TO NEW IDEAS



An early pastoral etching, 1930, by Graham Sutherland at the Fine Art Society

An artist ripe for reassessment

William Packer admires the work of Graham Sutherland

Some forty years ago, Graham Sutherland stood higher in reputation than any of his contemporaries, higher even than his friend and associate, Francis Bacon, who, though no less radical, was still comparatively obscure. Sutherland in the mid 1950s was Britain's pre-eminent and, after the Churchill portrait, most controversial modern painter. By the time of his death in 1980, at the age of 76, all that had long since changed. Indeed it changed with a remarkable suddenness. One minute he was the cynosure of all attention: I well remember in the early 1960s the excitement at the publication of the latest monograph; the next, he was old hat, passé, a figure not merely established but of the establishment, honoured, secure, predictable and safe.

Two late decades of indifferent portraiture hardly helped his cause, but then he is hardly the first artist to suffer a decline. His reputation languishes still and clearly he is ripe, even overdue, for reassessment. The problem is that his career seemed to fall into three sharply distinctive phases, and it has long been the received wisdom that his reputation, such as it is, stands on the work of his middle period, from the late 1930s when he turned to painting to the early 1960s and the completion of the Coventry tapestry commission.

Such a view is not altogether wrong. His work in the immediate post-war period, when he had moved on from the earlier romantic landscapes to the more

intense and psychologically ambiguous imagery derived from natural forms, is perhaps the strongest of all. That was the time of his closest association with Bacon, their working relationship one of true equality and mutual respect, each directly influencing the other.

But it is, for all that, too simple a view. In particular, it disregards the significance to his development of the first period, when he was entirely taken up with etching. Again the received wisdom has it that here was a young artist limited both to and by his craft, who had at last to break free of it to realise his true creative potential as an artist. It is all too pat, too easy, and it is the great virtue of this small but quite disproportionately important show of these early etchings, at The Fine Art Society, to give the lie to it.

Sutherland was a student at London's Goldsmiths' College in the early 1920s, where etching became his particular study. This was the time of the so-called etching boom, when the market in prints was remarkably strong, and naturally attractive to any ambitious young artist. Again the general supposition has been that he was merely a follower, yet another fashionable neo-Palmerian, filtering the romantic intensity of the young Samuel Palmer of a century before through the work of such Edwardian topographical illustrators as Frederick Griggs. In fact Sutherland was much more his own man, looking not only to the example of Palmer but also more variously to other

masters, notably Rembrandt and Whistler, and refining a remarkable technique in the process.

The etching market collapsed with the crash of 1929, but Sutherland did not abandon the print for other means of income and expression. Rather, it freed him to look about him, into himself, and to experiment and develop. It was to be a slow process, marked by periods of teaching, and by the falling off of his practice in etching in favour of lithography and then of water-colour. But already, in the *Pastoral and Garden* prints of the early 1930s we can see the marked shift in his interest towards a more immediately contemporary manner, and to the particular example, at once surreal, romantic and organic, of Paul Nash. It is by this thread that we are led on first to the more familiar Welsh landscape water-colours of the late 1930s, and so to the oil paintings of his maturity in the 1940s. Sutherland may have been a slow developer, but the young artist was a considerable artist, even so. The work, early and late, is all of a piece.

The only disappointment is that this fascinating show should have so short a run, but it does at least overlap with that of the later prints at Marlborough Graphics, to establish the connection between the younger and the older man. By it we may follow the evolution of the imagery, through the such things as the *Thorn Cross* of the mid 1950s to the bestiaries of the 1960s and '70s, with their bees and fleas, tortoises and birds.

But the technical aspects are the more interesting - for, with the larger scale and the evident practical intervention of technical assistants, the intimacy and intensity of the early work quite falls away. That old integrity of image, object and practice has gone, and we are left with the image more or less alone.

Also at the Fine Art Society is a true curiosity, a retrospective exhibition of the work of John Dowton, three years Sutherland's junior, who died in 1981. It is a first showing of the work for Dowton was reclusive and, a few works in the Royal Academy in the late 1930s apart, he kept his work to himself. He was a painter of the head and the half-length, much influenced by Florentine painting and working in tempera, the most dedicated and painstaking of media. Yet he is redolent of his particular period between the Wars, as it might be a minor Frampton, Brockhurst or Cowie, the image isolated, psychologically ambiguous and remote. He is not a major discovery but a discovery nonetheless, well worth the making. Who knows how many more such there are, "born to blush unseen".

Graham Sutherland: Early Etchings; presented by Gordon Cooke at The Fine Art Society, 148 New Bond Street W1, until May 14. Graham Sutherland as Printmaker 1950-1979: Marlborough Graphics, 6 Albemarle Street W1, until June 12. John Dowton: Fine Art Society, until May 28.

Opera in Amsterdam/Richard Fairman

Le nozze di Figaro

Since the advent of period instruments Mozart's comic operas have become ever more sprightly on stage. The authentic brigade has literally set the pace with faster speeds, a quicker sense of humour, a twinkle in the eye, which has made even conductors who work with conventional orchestras hurry along to keep in the running.

At least, that is usually the case. Nikolaus Harnoncourt was himself once in the vanguard of the authentic movement, but more recently he has taken his standard and headed off in a direction all of his own. For the new production of *Le nozze di Figaro* at the Muziektheater in Amsterdam he has neither period instruments, nor the theatre's usual orchestra, but the Royal Concertgebouw Orchestra in the pit - a real luxury, as the lovely wind playing in the introduction to the second act showed.

Unfortunately, he squanders the glory of this situation fairly completely. Harnoncourt seems to have set out in this production with the express intention of wanting to prove a point. There is a theory that speeds in Mozart have become exaggerated over the years, the fast getting faster, the slow getting slower, and Harnoncourt is determined to do the opposite, no matter how perverse the results may be. At the very apex of its tension and excitement, where the second act finale should set the pulse racing, the music slumped into an enervated, low-blood-pressure jog-trot.

It may seem impossible, but for the first two acts Harnoncourt and his producer, Jürgen Flimm, actually managed to make this ever-fresh masterpiece of comic opera boring. If the musical numbers were lifeless, the recitatives were positively deathly - long gaps between every sentence, meaningful looks, pregnant silences. The second act opened with a scene in which the characters sat around on the Countess's giant white bed with long faces, sighing deeply, stretching their limbs, the very picture of a bored household laz-

ing around with nothing to do all day. Whatever happened to Beaumarchais's "folle journée"?

If the remainder of the evening was better, it was no thanks to the production. Although he may have been inhibited by the pacing of the drama which was emanating from the pit, Flimm himself showed little inclination to get any comic sparkle into the action. The Act 3 sextet when Figaro learns the identity of his mother and father (Mozart's own favourite comic moment) was drawn out at tedious length. One would not want to be around when this producer was telling a joke.

The saving grace of the latter half of the evening was the greater prominence of arias in the opera's structure. Here the singers were able to dictate their own terms with some success. Olaf Bär's Count, in good voice, burst into violent anger in his Act 3 aria. Charlotte Margiono's previously

unaffected Countess found new depths in hers. Alastair Miles, asked to portray Figaro as a dolt and unflatteringly costumed, suddenly came to life late in the day with his trenchant final act solo scene.

With Iris Vermillion adding a nicely touching Cherubino, this was potentially a fine cast. Best of all was the delightful Susanna of Isabel Rey, who worked hard from curtain up to curtain down (a long evening) to inject some spontaneity into the performance. When she was singing "Deh vieni", stretching out limpid soprano lines over the orchestra's tenderly phrased accompaniment, the magic of Mozart's opera momentarily worked afresh. At the end I checked the programme. Yes, it did say that we had just seen a "commedia per musica". Somebody should tell the conductor and the production team.

Further performances until May 29



Iris Vermillion and Isabel Rey

Opera/Alastair Macaulay

The Barber of Seville

Why is it that *The Barber of Seville*, with its strong plot, brilliant music and several hit numbers, seldom delights in the theatre? The problem lies in the plot, which almost completely lacks pathos, and which therefore requires a robust comic sense that is surprisingly rare. The characters may be *commedia dell'arte* archetypes, but they must be vivid, individual, capable of spontaneous, Mediterranean. And Seville itself - or a slice of it - must become real.

In English National Opera's staging, however, all the cartoon detail in Tanya MacCallin's sets announces "Not for real" to us. Jonathan Miller's 1987 staging tells the story as if it were a creaky period curio. And the way that, in John Abulafia's current revival, extraneous comic business has been inserted to jolly things along can be held up as an object-lesson on how not to stage comedy. Who could believe that the street in the first scene is a real street? And why, since this long scene shows us little but Count

Almaviva and Figaro, does the production do nothing to flesh them out as winning, three-dimensional characters and endear them to us?

Well, there is always the music to keep us going, and the current revival is of a decent if undistinguished order. A virus kept Della Jones - whose singing of Rossini's mezzo-soprano roles has been one of ENO's house treasures for 15 years - from returning to the role of Rosina on Saturday. The Australian mezzo Fiona Jones, who replaced her, was making her London debut. She has a warm voice, and is a competent stage performer. But, like Michael Lewis's Figaro, her Rosina is just a bright-eyed stereotype; and, by strictest standards, both bar and Lewis's coloratura is approxi-

mate. *The Barber* can be wonderful comedy even when imperfectly voiced. But it needs brio. Mark Shanahan, conducting, came near to supplying this from the pit than anyone onstage, though there is more elegance and more fizz to this score

than he disclosed. Peter Bröder is not really a Count Almaviva - with his Billy Bunter face, he is most at ease in the surrealist disguise scenes - but his energetic involvement in the situation is welcome. And there is an unusual blend of virility and refinement to his singing that did more to realise the potential of Rossini's score than anyone else onstage.

Arwel Huw Morgan's voice is well placed to give the right "speaking" emphasis to Bartolo's music - the nearer to speech Rossini's recitatives become, the better - but something seems to hold him back from taking charge of the character or the household. Richard Angas sang Don Basilio in big but wretchedly throaty tones: a voice with less meat than gristle. Many in the audience took more pleasure in the jokes and the singing than I could; no wonder, since Rossini's score is so irresistible. This is, however, in no way a *Barber* fit up from within.

In repertory at English National Opera until May 27

The musical part of Brighton's as ever well-stocked annual feast opened on Friday evening with the first of two concerts by the Bournemouth Symphony Orchestra, on the verge of their centenary season. The occasion brought the professional debut in this country of the 12-year old violinist David Garrett, playing Mendelssohn's concerto with such poise and spontaneity that (apart from the light tone, inevitable from such a small frame and in any case of fine quality), one could judge it as an adult performance.

What is more, and this meant as a compliment, one could safely concentrate on the music. The concerto is no longer over-played, and when one hears it done as here musically as well as with technical assurance and brilliance, it is a delight. The main work was Mahler's Fifth Symphony. Now the BSO

Brighton Festival/Ronald Crichton

Bournemouth Symphony

under their principal conductor Andrew Litton, discreet and attentive accompanists in the Mendelssohn, could let fly. This was a reading remarkable for combining "speaking" intimacy with controlled aggressiveness. We were not spared the snarls, the grotesqueries, the Bacon-like shrieks that may be hysterical collapses or merely grimaces. Thanks to the admirably secure horn section, the moments in the Ländler movement when mountain vistas open up were fully eloquent. The playing was so vital and immediate that for once I felt that the dreary Dome was not such a bad concert hall after all.

The second BSO concert on

Sunday brought a Festival commission in the form of a Symphonic Mass by George Lloyd, duly receiving its world premiere with the Brighton Festival Chorus. The composer, a sprightly elf with a mop of silver hair, one month short of his 80th birthday, conducted himself. "Symphonic" he says, because the Mass is not intended for the liturgy but also, surely because the choral writing is straightforward, with much use of unison, the orchestral material is usually developed (Lloyd is a prolific writer of symphonies), sometimes beyond the necessary length. The purely orchestral Offertorium on the other hand is surprisingly short.

Cries of anguish are heard, for example at the opening and again in the closing Agnus Dei. Cheerful banality, however, breaks insistently through with something resembling memories of wartime dance-band rhythms - short phrases and metrical patterns much repeated. The scoring is bright, noisy and professional, not unlike Eric Coates. There is a Russian-style chant which would be more effective if used more sparingly.

Lloyd as conductor evidently enjoying himself hugely, appeared to make little effort to keep the orchestra down. Huddled on an inner stage hung with tone-devouring drapes, the choral sound was

muffled and moreover riven by obstreperous percussion. The large audience loved it none the less.

In the first half Lloyd lavished his enthusiasm on Elgar's orchestration of Bach's organ Fantasia and Fugue in C minor. It was a pleasure to hear such a vigorous reminder of the explosive effect this transcription had in the twenties at a time when in England the discovery of Bach by the wider public was still in progress and was being taken, by the organ world especially, with oppressive solemnity.

In spite of masterly playing by John Lill, Rachmaninov's Paganini Rhapsody suffered from the open lid of the enormous concert grand deadening the woodwind. Since the interweaving of piano and orchestra was one of Rachmaninov's wizard skills, this was a pity.

Elendon and Manfred Symphony (507 8200)
Théâtre National Lady Will, one-woman show about Shakespeare's women characters. Daily till Sat (217 0303)

■ CHICAGO
Orchestra Hall Thurs, Fri, Sat, next Tues: Daniel Barenboim conducts Chicago Symphony Orchestra in world premiere of York Höller's *Aura*. The programme also features Itzhak Perlman as soloist in Mendelssohn's Violin Concerto on Thurs and Fri, and Prokofiev's Second Violin Concerto on Sat and next Tues (435 6666)

■ GENEVA
THEATRE
Benno Beusson directs Coline Serreau's modern philosophical fables *Quisquid est Grobba*, opening tonight at Comédie. Till May 29 (820 5001). Tonight also sees premiere at Théâtre de Carouge of a new production of Marivaux's *The Game of Love and Chance*, directed by Georges Wod. Till June 6 (343 4343)

■ BRUSSELS
Monnaie Tonight, Thurs, Sat: Marcello Viotti conducts Simon Suarez's new production of Anna Bolena, with Nelly Miricioiu and Martine Dupuy (219 6341). Palais des Beaux Arts Thurs: Philippe Herreweghe conducts Collegium Vocale in Bach: Fri: Yakov Kreizberg conducts Royal Flanders Philharmonic Orchestra in Haydn, Strauss and Bartok. Sun afternoon: Ronald Zollman conducts Belgian National Orchestra in Tchaikovsky's First Piano Concerto (Jean-Claude

Samuel Ramey and John Tomlinson (311 2311)

■ VIENNA
CONCERTS
Musikverein The main event this week is the return of Carlos Kleiber to conduct the Vienna Philharmonic Orchestra on Sat afternoon and Sun morning. On Sat and Sun evening, the Berlin Philharmonic presents two programmes under Claudio Abbado. On Thurs, Franz Liszt Chamber Orchestra plays Grieg, Wiener, Bartok and Stravinsky. Fri: Rudolf Buchbinder piano recital. Next Mon: Vienna Madrigal Choir in sacred music by Bruckner (tickets 505 8190/ information 505 1363)

Konzertsaal Ingo Metzmacher conducts Vienna Symphony Orchestra tomorrow and Thurs in world premiere of new work by Wolfgang Rihm, plus music by Hartmann and Bruckner. Fri: Hans Zender conducts Austrian Radio Symphony Orchestra in Reger, Debussy, Mahler and Weber. Sun morning: Eliahu Inbal conducts Vienna Symphony Orchestra in Shostakovich. Sun evening: Heinz Holliger conducts Haydn's *L'isola disabitata*. Next Mon: Alben Berg Quartet. May 20: Maurizio Pollini (712 1211)

■ OPERA
Staatsoper Tonight: Maria Stuarda with Agnes Baltsa and Mara Zampieri. Thurs: Madama Butterfly with Yoko Watanabe. Sat and next Wed: Carmen with Baltsa, Luis Lima and Sergei Leiferkus. Sun: Prokofiev's ballet *Romeo and Juliet*. Next Mon: Christoph von Dohnanyi conducts first night of Adolt

Dresen's new production of Götzterdämmerung, with Hildegard Behrens and Siegfried Jerusalem (51444 2955)
Tues: world premiere of Steve Reich's *The Cave*, with five large video screens showing interviews, landscapes, architecture and other images (588 1676)

■ WASHINGTON
KENNEDY CENTER
Washington Ballet's mixed bill, including new work by Monica Levy and Kevin McKenzie, runs from tomorrow till Sun. Cleanna, David Mamet's drama about political correctness and sexual harassment, runs daily except Mon. André Previn conducts National Symphony Orchestra in works by Vaughan Williams, Nicholas Maw, Strauss and Haydn on Thurs, Fri, Sat and next Tues. May 19: Alfred Brendel piano recital (202-467 4600)
BALTIMORE SYMPHONY ORCHESTRA
Gunter Herbig conducts works by Liszt, Debussy, Prokofiev and Beethoven on Thurs, Fri and Sat at Joseph Meyerhoff Symphony Hall, with piano soloist Jon Kimura Parker. Sun: Victor Borge (410-783 8000)

■ THEATRE
Shirley Valentine: Willy Russell's comedy about a mother with dreams that take her on a courageous voyage. Opens on Fri, till June 6 (Church Street Theater 703-848 2632)
Arms and the Man: Shaw's romantic comedy. Till June 6 (Center Stage's Pearlstone Theater 410-685 3200)

■ The Skin of Our Teeth: Thornton Wilder's tribute to the indestructibility of the human spirit as seen through the eyes of the Antrobus family. Till June 13 (Arenna's Fichandler Stage 202-468 3300)
Princess Ida: a Washington Savoyards G&S production. Thurs till Sun only (Duke Ellington Theater 301-984 6250)
JAZZ/CABARET
Blues Alley Jazz Supperclub This week's resident artist is vocalist Nancy Wilson, daily till Sun (1073 Wisconsin Ave, in the alley, 202-337 4141)

■ ZURICH
Tonhalle Tonight, tomorrow, Thurs, Fri: Kurt Sanderling conducts Tonhalle Orchestra in music by Prokofiev and Tchaikovsky. Sat: Raymond Leppard conducts Indianapolis Symphony Orchestra. Sun: Gerhard Oppitz piano recital (261 1600)
Opernhaus Tomorrow and Sat: Tosca. Thurs and Sun: Adam Fischer conducts Nikolaus Lahnhoff's new production of Don Carlo, with Francisco Araiza, Ruggero Raimondi and Gabriela Benackova. Fri: premiere of new ballet by Amanda Miller. Next Mon: Lucia Popp song recital (262 0903)
Schauspielhaus Thurs: first night of Feydeau's *The Lady from Maxim*, directed by Achim Benning. Repertory also includes Hedda Gabler and Brendan Behan's *The Hostage* (221 2283)
Klosterkirche Münsterlingen Sun afternoon and evening: Andreas Schiff plays Bach's Well-tempered Clavier Book 2 (251 5900)

European Cable and Satellite Business TV (All times are Central European Time)
MONDAY TO THURSDAY
Super Channel: European Business Today 0730; 2230
Monday Super Channel: West of Moscow 1230.
Super Channel: Financial Times Reports 0630
Wednesday Super Channel: Financial Times Reports 2130
Thursday Sky News: Financial Times Reports 2030; 0130
Friday Super Channel: European Business Today 0730; 2230
Sky News: Financial Times Reports 0630
Saturday Super Channel: Financial Times Reports 0630
Sky News: West of Moscow 1130; 2230
Sunday Super Channel: West of Moscow 1830
Super Channel: Financial Times Reports 1900
Sky News: West of Moscow 0230; 0530
Sky News: Financial Times Reports 1330; 2030

Arts Guide
Monday: Berlin, New York and Paris.
Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.
Wednesday: France, Germany, Scandinavia.
Thursday: Italy, Spain, Athens, London, Prague.
Friday: Exhibitions Guide.



AMSTERDAM

Muziektheater Tonight, Thurs, Sat: Finnish National Ballet in Carolyn Carlson's *Man Crossing the Great Waters*. Tomorrow, Fri, next Mon: Nikolaus Harnoncourt conducts Jürgen Flimm's new production of *Le nozze di Figaro*, with Olaf Bär, Charlotte Margiono, Alastair Miles and Isabel Rey (625 5455)
Concertgebouw Tonight, Fri, Sun afternoon, next Mon: Graeme Jenkins conducts Netherlands Philharmonic Orchestra in works by Dvorak, Tchaikovsky and Elgar, with piano soloist Rian de Waal. Tomorrow: Teresa Berganza song recital. Sat afternoon: Hans Vonk conducts Cologne Radio Symphony Orchestra and Chorus in Kagel, Stravinsky and Schumann. Sun evening: Murray Perahia piano recital
Beurs van Berlage Sat: Netherlands Chamber Choir in works by Goehr, Tallis and Birtwistle (627 0466)

ANTWERP

ANTWERP 93

The dust is yet to settle on what Italians have called the "big bang". But the extraordinary break-up of the country's political system is beginning to yield new alliances that symbolise the struggle to restore confidence to a discredited state.

The national political realignment is taking place either within the existing parties or by their splintering and forming new associations, as politicians seek desperately to recycle themselves.

Prominent among them is Mr Mario Segni, the leader of the referendum movement on constitutional reform, who in early April broke after 16 years with the Christian Democrats. At the weekend he took the first steps towards heading a new Roman Catholic centrist party - based around the year-old reformist association, Democratic Alliance. The latter is still only a movement to test the wind in the June municipal elections.

Another who is trying to recycle his standing is Mr Giuliano Amato, the former Socialist premier, who is rethinking his previously announced withdrawal from politics. Capitalising on his reputation as a skilful and courageous premier, he is considering forming a new social democratic formation.

To the left is another grouping around the PDS. Meanwhile, both the Christian Democrat and Socialist leaderships have said that they intend to resurrect their own parties by changing their names and symbols.

Both the break-up and reform have been held back until now because many old guard politicians blocked it. At the same time, the reformers lacked the courage to make a clean break.

The disintegration started nearly three years ago with the collapse of the old Italian Communist party and its metamorphosis into the Party of the Democratic Left (PDS). The wave of corruption scandals unearthed by magistrates since early last year has proved the biggest single catalyst in discrediting the traditional parties that have ruled Italy since the second world war.

Three events radically altered the panorama: the fall of the Amato government, the advent of a transitional administration under former governor of the Bank of Italy, Mr Carlo Azeglio Ciampi, and the outcome of the April 18-19 referendums on constitutional reform.

Italy now has a government

A clean break at last

Robert Graham examines the sweeping national realignment of Italy's political landscape



Ciampi: his choice underlines bankruptcy of established politics

whose specific task is to introduce electoral reform in line with the principles laid down by the referendum. The overwhelming referendum vote ending public funding of political parties and introducing reform of the proportional representation system was a profound message of protest from the electorate.

Voters are no longer prepared to give their loyal support to parties which never bothered to prepare programmes yet managed to remain in power through unstable coalitions (the Ciampi government is the 52nd since the war). Instead they want governments with specific platforms, which are answerable to the electorate and which can be defeated at the polls. This would produce the vital change-over of power which Italy has lacked, and which arguably lies behind the consolidation of corruption.

Italy could adopt, as early as July, a first-past-the-post system for two-thirds of the deputies and senators, the remainder still being elected by proportional representation to safeguard minority interests.

The prospect of fresh elections in October and the impending municipal/regional elections in June, affecting 11m

voters, provoked a flurry of flirtations. The most striking new political force is the populist Lombard League of Mr Umberto Bossi, which claims nearly a third of the vote in the north. Mr Bossi seems content to focus on conquering the north and playing for a devolution of power to the regions.

Few seem willing to withdraw from national politics, save those too tainted by the corruption scandals to be publicly acceptable. In the latter category are Mr Bettino Craxi, the former Socialist leader, against whom Milan magistrates are seeking to press corruption charges, and Mr Giulio Andreotti, the veteran Christian Democrat and seven times premier, whom Palermo magistrates want to question.

Such elder statesmen, many now humbled, are likely to find themselves overtaken by the all-engulfing nature of the changes that are uprooting a whole political culture - and with it the dominant role of the state in the economy. The need for this "big bang" was evident in the wake of the general elections in April last year. Even then it seemed likely that Mr Segni's referendum movement would be able to gain sufficient signatures to prosper with proposals to

reform voting for the Senate.

The Amato coalition of Christian Democrats, Socialists, Social Democrats and Liberals was forced out of office because it was too identified with the "partitocracy" - the carving-up of power and the institutions of state among a corrupt party elite. Not only was the coalition undermined by losing five ministers implicated in the scandals, it also lacked the moral authority to carry out electoral reform, which all parties accepted as an essential step towards renewing the political system.

The task has fallen on Mr Ciampi, 72, the first non-parliamentarian to head a government this century. His was a choice of last resort, underlining the bankruptcy of established politics. President Oscar Luigi Scalfaro turned to his unquestioned prestige when the parties were unable to agree on anyone to perform this thankless responsibility.

Mr Ciampi nearly fell at the first hurdle when the PDS and the Greens pulled out within 10 hours of his forming a cabinet. His position remains tenuous. He has been obliged to rely upon the same slim majority as the outgoing four-party coalition of Mr Amato.

His strongest card is the fact that if he loses parliamentary support there is no alternative but immediate elections. This would be a recipe for disaster, leaving an unstable government, with imponderable consequences for economic management. The April referendum has introduced reform only for the Senate, without a balancing reform in the Chamber of Deputies, different electorate systems would apply for the two houses, which have equal powers of veto over each other.

The length of the government will depend on whether a majority in parliament believes Mr Ciampi's mandate is solely electoral reform, or if he has a broader brief to manage the economy. The former implies elections by the autumn once new rules are agreed; the latter a longer tenure, perhaps until next spring, allowing the parties to regroup.

Mr Ciampi's hand is inherently weak because of the serious splits within the parliamentary majority on which he must rely. These splits will become more evident after the municipal and regional elections in June. If he survives beyond the autumn, it would create the curious precedent of a non-politician leading a democracy through a political crisis after its politicians completely failed to do so.



Don't laugh, but I'm beginning to wonder whether Mr John Major really can look forward to a prolonged tenure of office. This rush of blood to the head will be explained in a moment. First, let it be assumed that similar intimations of political mortality may have occurred to the prime minister himself yesterday as he consulted colleagues on the vexed question of whether or not to dismiss his chancellor in response to the clamour of frightened Tories.

If so, he will be aware that a cabinet reshuffle alone will not restore calm for long. For it is becoming plain that a chancellor here or there is no longer the deciding issue. Anyhow, the time for Mr Norman Lamont to resign was after lunch on September 16 1992, when his previously-proclaimed policies crumbled. There can be no glorious departure now. A sack, even a transitory one, might be taken as evidence of panic. Mr Major has been struggling since Black Wednesday to restore his personal authority. In so doing, he has already used up six or perhaps seven of his political lives. Throwing Mr Lamont overboard might not be sufficient to prevent Fate from depriving him of the rest.

So much for doleful thoughts. The conventional wisdom, frequently rehearsed in this space, is that the Tories will win the next general election in spite of the upsets that have made such fools of them since they won for a fourth time in a row in April 1992. To judge by most of the weekend comment, this assumption has survived the drubbing the government took from the voters last Thursday. Most of us have also made the calculation that Mr Major will stay as leader.

Nothing tests your faith in the conventional wisdom more severely than a change of scene. In London last week the familiar arguments held sway. Labour remains unmoderated, in thrall to the trade unions, and therefore unable to count on winning seats in the south of England. The Liberal Democrats can neither help such a Labour party nor attain an overall majority on their own. Boundary revisions will help the Tories. The economic recovery will favour the incumbents at the next election. There is no obvious candidate to replace Mr Major. To cap it all, the Tories have three or four years in which to regroup themselves. If they

ing the largest fusillade of rotten eggs and old cabbages. Looked at this way, the well-known facts of British political life can be re-stated. For a start, the two principal opposition parties are edging closer to one another. Their leaders are saying "no deals, no pacts", but voters showed last week that they know how to combine to throw the Tories out when they want to. The Conservatives are deeply divided. Their anti-Maastricht and pro-Thatcher schisms (not always the same individuals) seem willing to fight to the death to destroy the party they say they love. Mr Major is contrasted with his predecessor in the same way as Mr George Bush was once compared with Mr Ronald Reagan.

The prime minister is currently dodging the largest fusillade of rotten eggs and old cabbages

One of those, Mr Bush, has fallen. Ergo...

From a distance, you see a vague outline of the wood, not the trees. At home among the thickets of British politics the killer question, "If not Major, who?" is asked by everyone, including his Thatcherite enemies. The latter have no champion ready to take over the party and insufficient voters to support a stalking-horse. Likewise, the remark "Labour? You cannot be serious" usually suffices to shut out contemplation of a Conservative defeat. Mr John Smith, the Labour leader, has his own answer to these arguments. He says he is a patient man, playing a long game. It is as if he wants you to believe that his recent lacklustre parliamentary performance (which belies his repu-

tation) is the product of a deliberate stratagem, which, roughly summarised, is to sit back and let the Tories tear themselves apart.

This would make sound sense, if it was accompanied by quiet backroom words designed to re-invent the Labour party. If that is happening it is very quiet indeed.

Here in Italy, a different fancy presents itself. Until very recently, the famous Italian political problems - organised crime, corruption, a multiplicity of small parties leading to weak government - seemed insoluble. Perhaps they still are. But, as the rest of the world has been witnessing with some admiration, the Italians are undergoing a bloodless revolution. The complexities are described alongside. The cheering reminder for outsiders is that no political situation is permanent; quite surprising changes can suddenly occur. We saw that in the communist states. Now we are seeing it in a western democracy.

In London this may seem like pie in the sky. The logjam in British politics seems unbreakable. The electorate holds the government in fair contempt. The Labour party has not yet earned its trust. The likely consequence is a long period of sub-standard administration by Conservative politicians of the second rank. That is the conclusion to which you must come if you accept the conventional wisdom, as I suspect I will as soon as I get home. Yet something unpredictable may change this - the rise of a Northern League, as in Italy, or a Ross Perot, as in the US, or a sensibly modernised Lab-Lib opposition, as in so many British imaginations. If you wish to be optimistic about British politics you must believe that the people do eventually hestitate themselves, even in the most complacent of democracies.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Scramble for bottom position

From Mr Roger Lyons

Sir, It comes as a shock to read of a British government claiming credit for turning the people of our country into a reserve army of cheap labour ("Claim on wages attacked", May 4). And yet this is what Mr Major, the prime minister, and Mrs Shephard, the employment secretary, are seeking brownie points for. Come to Britain for the lowest pensions, the lowest wages, the lowest social benefits in Europe - this is what our government is saying to German and other European companies, even if the case is exaggerated.

There was a time when British governments felt it to be their first responsibility to improve living standards for the majority of people - to be the best in Europe, not the worst. Now after a decade and a half of low investment in industry and cuts in the social wage, the British government is begging European companies to take advantage of our low standards. What a commentary this is on the priorities of modern Toryism. And what a recipe to drive down standards in Europe as country after country is encouraged to scramble for bottom position in the league table of social benefits. As the union representing more than half a million skilled and professional people, MSF will use every avenue, including the European Court, to construct a level playing field within Europe's developing single labour market.

Roger Lyons,
MSF Union,
64/66 Wandsworth Common
North Side,
London SW18 2SH

Green shoots pulled up

From Mr John Brandler

Sir, As a small business encouraged by the "green shoots" press, I want to report some art. For 11 days I have been telephoning Mr Heseltine's department and his own office to get the paper work but they will not send it. The Department that Terrorises industry? The switchboard interrogates the caller before putting them on hold and losing the call. I assume they are British Telecom shareholders. As a small business I must give up and leave it to the gun makers to get their licences.

John Brandler,
Brandler Galleries,
1 Copford Road,
Brentwood,
Essex CM14 4BM

Assessment of Italian economy is detached from reality

From Mr Flavio Parini

Sir, I read with interest and a little apprehension Franco Modigliani's personal view on things Italian ("The year of the great opportunity", May 5) and I believe a few of his statements cannot rest unchallenged. Mr Modigliani is one of the brand-name economists that established governments in Italy regularly call up to back up their assertions that Italy is well on its way to recovery (economically, politically, morally or whatever is trendy at the time).

The idea that the creation of more secure jobs will follow from developments on the further ratification of agreements on the labour-cost front is nice, but a little detached from reality. As Mr Modigliani himself points out later in his article,

deficit reduction comes from urgent cuts in public expenditure and revenues from privatisations. Both these measures, if implemented, require substantial restructuring of the inefficient public sector where some estimates put the dimension of "overstaffing" at some 300,000.

The role of the unions will now become closely intertwined with the new political reality that has emerged and that will dominate the scene whatever future political developments are likely to be - the role of the (moderate) Communist party as active balance of power (a role formerly assigned to the now disgraced Socialist party).

To draw any conclusions without highlighting this would mean over-simplifying

the picture beyond reason.

A final consideration on interest rates: the very fabric of the Italian economy rests upon the key assumption that taxpayers remain happy with their returns and are willing to subsidise the gargantuan debt mountain. This in itself distorts the picture versus its neighbours greatly and provides an automatic downside.

I disagree with the statement that Italy is engaged in a rebellion against the Bundesbank in that the way events, both at the time of devaluation and ever since were handled, indicate precisely the opposite - a repetition of the old game with the added spice of great political uncertainty.

Flavio Parini,
24 Harrington Gardens,
London SW7 4LS

Sunday trading: government, the public interest and the social viewpoint

From Mr Roger Saoul

Sir, Your leader ("Sunday trading", May 7) suggests that sectional interests in the Sunday trading debate, and especially those who oppose deregulation, are not making a genuine attempt to define the wider public interest. That is not their job. It is the job of government to define and serve the wider public interest, and gather such information as is deemed necessary to do so.

In the case of Sunday trading, this process has been in work for many years, and sectional representations have been balanced by many economic assessments which, when they are independent as in the case of the latest from London Economics, have produced results which can only be speculative and imprecise. Soon the issue will move on to parliament again, where of

course sectional interests are well represented. For this reason, the forthcoming parliamentary consultation exercise is likely to lack the definition and service of the wider public interest you rightly seek.

In the meantime, the leaders of the sectional interests will continue to fight their corners, and they would be in serious dereliction of their duty to their shareholders and members if they did not do so.

Roger Saoul,
78 West Hill,
London SW15 2UJ

From G R Bull

Sir, Your leader suggests that it is in the wider public interest to deregulate.

From a purely economic viewpoint, this may well be the case, although the argument is far from proven - the impact of recovery of overheads, var-

ied contracts etc, may not yet have been fully accounted for in the rush to achieve seven-day trading.

However, from a social viewpoint, the wider public interest is unlikely to be served by turning Sunday into just another High Street trading day. The traditional "differentness" of Sundays portrayed as a rest day or family day, seems to me to be essential in the longer-term welfare of society. The break of routine that the weekend, and particularly Sunday, provides is an important contribution to the well-being of us all.

I am sure that our creator God knew best when a day of rest was included in His blueprint for the pattern of life.

G R Bull,
8 Highfields Close,
Ashby-de-la-Zouch,
Leicestershire LE65 2FN

Reward for LWT managers

From Sir Christopher Bland

Sir, In his story "LWT managers likely to receive £55m payout" (May 7) Raymond Snoddy quoted my description, "an outstanding reward for an outstanding performance," but failed to report some of the most important features of that performance. Since December 15 1992 the FT All Share Index has risen 18 per cent; the LWT share price rose 304 per cent. LWT's market capitalisation increased from £73m to £355m, and the IRR for LWT shareholders was more than 50 per cent a year.

The scheme was not, as Lex

describes it, a share option scheme: LWT's managers received approximately £3m of their money, and the scheme was approved by LWT's shareholders. And finally, perhaps Bectu should ask themselves whether their members were better to have been at LWT since 1989 than at the four companies which lost their franchise.

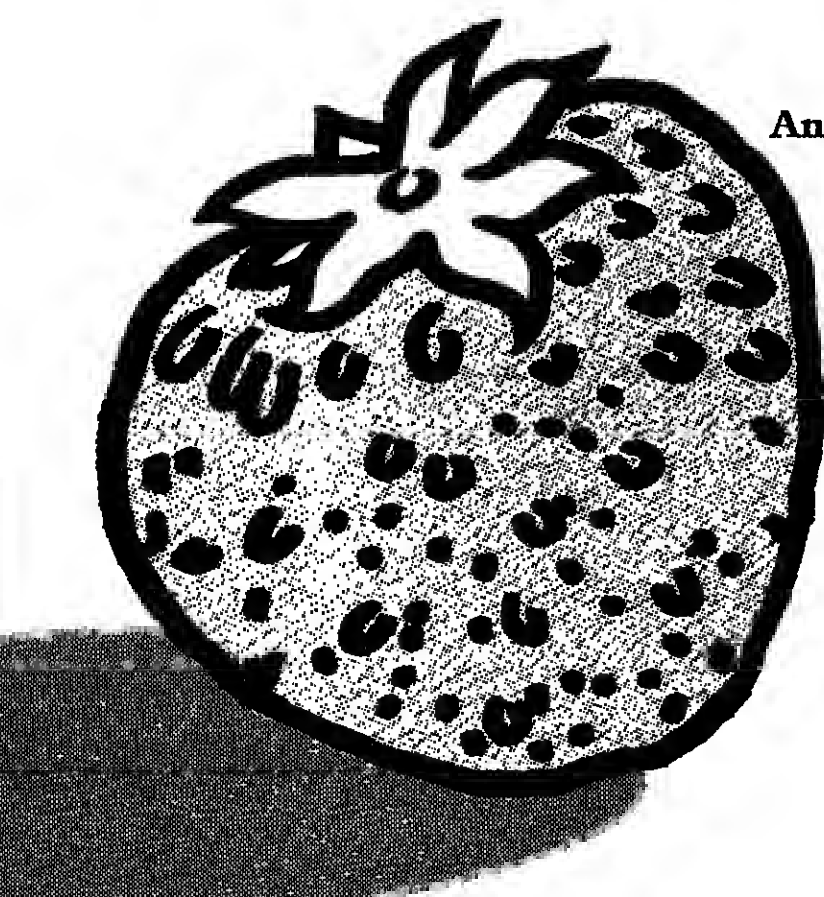
Christopher Bland,
LWT,
London Weekend Television
Centre,
Upper Ground,
London SE1 9LT

Doubtless

From D P Jeffcock

Sir, Doubtless if, on the morning when BAT industries shares rose above £10, Mr Paul Myners, chairman of Gartmore (Letters, May 7), had got wind of the coming tobacco price war, he would not have sold whatever shares Gartmore may have had in that company, and would subsequently have written an explanatory letter to his clients about the unforeseen collapse in the share price.

D P Jeffcock,
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FINANCIAL TIMES

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Tuesday May 11 1993

French jam tomorrow

IT IS convenient for a new government to blame unpopular decisions on its predecessor. It is not surprising, therefore, that the new centre-right government headed by Mr. Edouard Balladur should have blamed fiscal austerity on the Socialists. The tragic suicide of his predecessor, Pierre Bérégovoy, will make this approach seem more bitterly partisan even than usual. The main question, however, is whether the scale and the timing of the proposed action is warranted.

For 1993, claimed Mr. Balladur yesterday, the total fiscal deficit would, if unchecked, be FF410bn or 5.8 per cent of gross domestic product. His government's intention is to limit the deficit to 4 per cent of GDP this year and bring it down to 2½ per cent of GDP within the Maastricht fiscal criteria by 1997.

The government's "medium-term financial strategy" rests on tight control of public spending, which is to grow less fast than inflation in nominal terms. Meanwhile, reductions in the deficit this year will depend partly on tight control of spending, including limits on increases in public salaries, and also on an increase in the "general social contribution", a surcharge on income tax, from 1.1 to 2.4 per cent of incomes.

Growing deficit

Mr. Balladur made much of the unsustainable fiscal position he inherited. The deficit has tripled in three years, he pointed out. Meanwhile, public debt has risen 40 per cent since 1988, when he left office as finance minister, to reach a third of gross national product. In the absence of decisive action, he argued, France risks losing all margin of manoeuvre.

Judged by current British fiscal standards, let alone those of the Italians, Mr. Balladur protests too much. Nevertheless, recent data from the IMF show that the French general government financial deficit is only below those of Italy, the UK and (marginally) Canada among the Group of Seven leading industrial countries. The IMF also suggests that the deterioration in the French structural fiscal deficit will be 2.1 per cent of GDP between 1991 and 1993, only fractionally less than the estimated cyclical deterioration of 2.2

per cent over these years. France shows, in more modest form, the same development as the UK: a large fiscal deterioration in reaction to an exceptionally tight monetary policy.

The difference between France and the UK is that the former has only limited control over monetary policy. The soon-to-be-independent Banque de France, has managed to reduce its important interest rates five times since the new government took power, as the credibility of the parity has grown. Short-term interest rate differentials vis-à-vis the D-Mark have more or less disappeared, while the differential on long-term bonds is less than half a percentage point.

Question of timing

These reductions in interest rates are as much as can be expected from improved credibility. From now on lower interest rates will depend on reductions in German interest rates, which will be slow at the short end and may be slower still at the longer end. But this means that French long-term real interest rates may remain at around 5 per cent for an extended period, while short-term ones may fall only slowly from their current levels of around 5½ per cent. It is little wonder then that the French economy is expected to shrink, in the government's view, by 0.4 per cent this year.

The government's fiscal programme has to be judged against this bleak background. It is not whether action needs to be taken at some point, but its timing that needs to be questioned. Should the budget proposals allow the French government to lower still further, or even reverse the interest rate premium against Germany, then they would be well timed. But should they merely tighten the fiscal grip, while the monetary one remains as severe as it is now, their economic wisdom would be in question.

Politics is almost always more important than economics. For the government, it may be better to impose ill-timed measures it can blame on its predecessor than well-timed ones, which would be blamed on itself. For the French public, therefore, it is *rigueur* today – and more *rigueur* tomorrow.

Off your bike, Mr Patten

AFTER LAST week's humiliating election defeat for the government, the prime minister promised to pay more attention to the concerns of the electorate. Close to the top of Mr. Major's priorities should be the fiasco over the testing of schoolchildren in England and Wales. Two opinion polls yesterday indicated that teachers who are boycotting the tests have succeeded in winning public support for their action. A compromise is urgently needed to end the threatened confusion in schools while preserving the government's aim of improving standards through regular testing.

The opinion poll results make salutary reading for ministers. One showed that 62 per cent of parents wanted this year's tests abandoned, while 51 per cent supported the teachers' boycott of the new tests. The other found that 62 per cent of all adults accepted the unions' argument that the tests are too complicated and time-consuming. Over three-quarters believed the tests had been introduced too hastily – including 63 per cent of Conservative voters.

It is not that the government has lost the basic argument over tests; both polls show support for the idea of regular testing. Mr. John Patten, the education secretary, therefore seems to have pulled off a remarkable coup in uniting so many against the English tests to be introduced this summer for 14-year-olds. In addition to alienating the teachers, the parents and the general public, he has lost the support of independent schools, governors and managers, and even two of his own advisers on testing.

Hidden agenda

Despite the breadth of opposition, Mr. Patten promises to persevere with the testing timetable. He rightly accuses some opponents of having a hidden agenda which is opposed to compulsory testing. He rejects the calls of those who want the extension of testing suspended until the completion of the review of the national curriculum by Sir Ron Dearing. He says that people riding bicycles fall off if they stop pedalling, a tempting analogy but unfortunately not a pertinent one in the circumstances.

For in continuing to pedal so vigorously, Mr. Patten threatens to

cycle over a cliff and destroy the testing bicycle altogether. With the united opposition of all six teachers' unions, there is little chance of the tests taking place in enough schools to validate comparisons based on them. Some heads and teachers will make efforts to stage the tests. So, too, will some governing bodies and education authorities. The consequence will be to sour relationships with teachers who are boycotting the tests, to little educational purpose. There may also be a further loss of confidence in the policy among parents. It will be harder to win support for any new tests which are devised after Sir Ron's review.

Tactical retreat

Worse, the boycott of the tests for 14-year-olds threatens to spread to the tests for seven-year-olds. These are now in their third year, and appear to be running smoothly after initial teething troubles. By refusing to call off the controversial tests at 14, the government risks losing the worthwhile progress made on tests at seven.

The most important task now facing ministers is to build a consensus on testing which can command the support of all but the most die-hard opponents of tests. It would be hard to come up with proposals for externally moderated tests which would win the support of the most militant teaching unions. But it should be possible to win back the support of the moderate Association of Teachers and Lecturers and the head teachers' unions not to mention testing advisers, governors and, of course, parents.

It is time, therefore, for a tactical retreat on testing for 14-year-olds. Time is needed to devise less unwieldy tests confined to the aim of allowing parents to judge the performance of schools rather than providing nationwide comparisons of individual student performance. Ideally those tests would be ready for 1994, so that the testing timetable slipped by only one year. But more important than a timetable is the requirement for tests which command the support of most, if not all, of the constituencies with an interest in raising the standards of education in Britain's schools.

Few measures in the March Budget created as much of a rumpus as Mr. Norman Lamont's proposals to reform the taxation of North Sea oil. Apart from opening up divisions within the oil industry, they raised crucial questions about how the UK should manage this important resource.

The repercussions reach parliament today with the debate on the finance bill, for which a senior backbench MP has tabled amendments intended to cushion the impact of the changes. But the government, in the person of Mr. Stephen Dorrell, the financial secretary to the Treasury, who is responsible for the measure, is refusing to yield.

"I have listened to all the representations we have received, and none of them contained anything that we had not considered before the Budget," he says.

Although the debate will be about the extent to which oil companies should be allowed to set their exploration costs against their oil taxes, the real issue is how the UK should make the most of its remaining oil and gas reserves. Should they be treated as a strategic asset and exploited to the full or only as the market dictates?

Mr. Lamont, the chancellor of the Exchequer, is proposing to cut the petroleum revenue tax (PRT) on existing large North Sea fields from 75 per cent to 50 per cent, and to eliminate the tax altogether on new fields. But at the same time, he wants to end oil companies' right to set their exploration costs against their total PRT bill. The effect will be to make production from developed fields more profitable, but increase sharply the cost of exploration for companies which have been able to take advantage of the PRT offset.

In his Budget speech Mr. Lamont described PRT as "increasingly anachronistic". It was introduced in 1975 at a time of surging production and high oil prices to ensure that the Exchequer got its fair share of oil profits. Today, with the oil price close to a 20-year low in real terms, there is less incentive to increase production at such a high tax rate.

The ostensible aim of the changes, therefore, is to adapt the North Sea tax regime to the requirements of a mature oil province where further large finds are unlikely and interest has shifted to making the most of developed reserves.

But the underlying motive is also to boost tax revenues. The Exchequer's earnings from the North Sea have fallen from a peak of £12.2bn in 1984-85 (more than half of it from PRT, and the rest coming from royalties and corporation tax), to only £1.5bn last year, of which a mere £50m came from PRT. Although the Treasury will lose from the cut in the PRT rate, this loss will be more than offset, it says, by the abolition of exploration allowances, leaving a net addition to tax revenues of £300m next year and £400m the year after that.

A third motive is to bring North Sea taxation in line with the government's overall approach of reducing tax rates and eliminating allowances. According to Mr. Dorrell, PRT at 75 per cent is the highest rate of any tax in the country and the abolition of allowances will stop oil companies effectively exploring at the taxpayers' expense.

But in trying to boost its revenues and bring oil taxation in line with its fiscal philosophy, will the Treasury actually damage the prospects for the North Sea? There is a danger that Mr. Lamont will kill the incentive to explore at the very moment when the UK needs to make that extra push to find its last, difficult, fields. Will oil companies reinvest the savings from lower PRT to squeeze more out of the North Sea or will they just pocket the money and spend it elsewhere? More broadly, there is the question of whether the new tax regime will handicap the UK in the increasingly competitive international market for oil company investment.

These various issues depend on how the outlook for the North Sea is viewed. Contrary to popular per-

UK oil tax reforms raise crucial questions about resource management, write Deborah Hargreaves and David Lascelles

Gamble in the North Sea

ceptions, Britain's oil production has not peaked. Output is forecast to reach record levels of more than 125bn tonnes in the middle of this decade. As for reserves, the UK has extracted a total of 1.6bn tonnes of oil to date, and has between 610m and 2.1bn tonnes of recoverable reserves left. The department of trade and industry estimates in its latest Brown Book (its oil and gas annual) that there could also be between 530m and 3.3bn tonnes to be discovered. In addition, output and reserves of natural gas, which are playing a fast-growing role in the country's energy balance, are both rising. So while the North Sea may be mature in the sense that it is well explored and developed, it is far from being played out.

The Treasury's view is that the days of jumbo discoveries are past, and that the job now is to ensure that known fields produce their maximum yield. This view is supported, predictably perhaps, by Shell and BP, operators of two of the largest fields in the North Sea, Brent and Forties, who stand to gain from the PRT cuts.

Mr. Chris Fay, managing director of exploration and production at Shell, believes that more than half of the North Sea's oil has either been pumped out already or is currently under development. This leaves a quarter which has been discovered and not yet developed.

"The Budget is rewarding successful exploration by reducing production taxes, but any exploration must be carefully costed and justified rather than be merely a gamble as was often the case under the old regime," Mr. Fay said.

However, the Treasury's argument is strongly opposed by smaller companies who have led the lead in the North Sea exploration effort as discoveries have got smaller. They warn that the abolition of PRT allowances will lead to a sharp drop in drilling and appraisal activity. Where it is currently worthwhile for a company to develop a field of 15m barrels, the new tax regime would quadruple costs and raise that threshold to 60m barrels, these companies say. The consequence will be fewer additions to oil reserves and therefore, ultimately, less tax revenue for the Exchequer, to say nothing of lost jobs and other social costs.

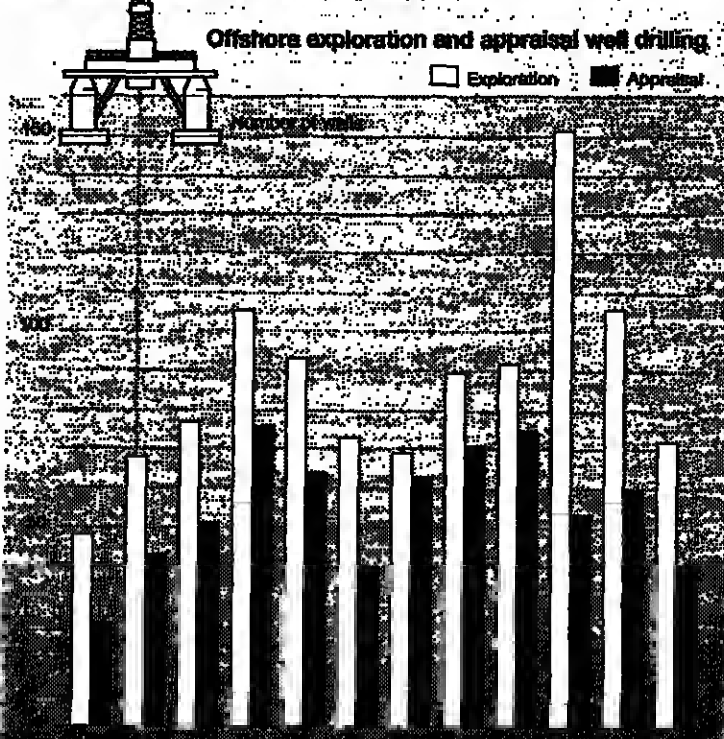
"It means that there will be a tranche of oil and gas reserves that will not be exploited," says Mr. John

Harder-to-find reserves, low oil prices and rising costs have already cut the number of wells being drilled

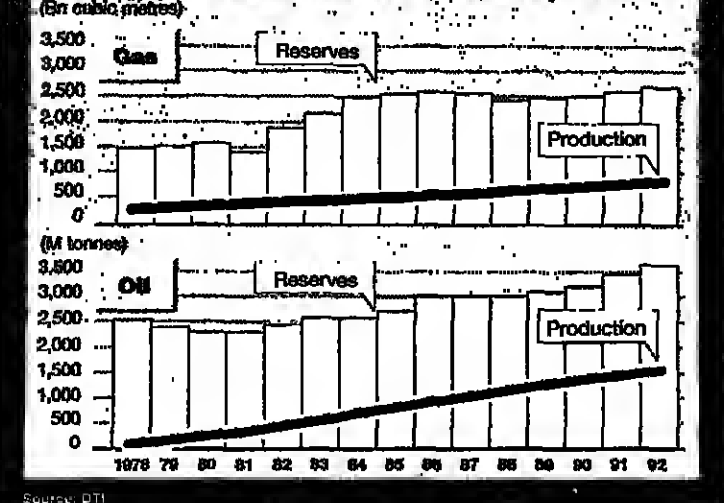
Hogan, chief operating officer at Lascaris, the independent company with large North Sea interests. "They'd rather leave that unexploited than give back the tax benefits. I hope that they have struck the right balance."

Judging by the concern shown by many backbench MPs, the public is also worried that the UK will fail to make the most of its oil assets. The combination of low oil prices, rising costs and harder-to-find reserves

Britain's natural resources a taxing concern



Discovered recoverable reserves & cumulative production (1979-1992)



has already led to a fall in the number of exploration wells being drilled. This suggests that incentives to explore should be sharpened, rather than reduced, these MPs believe.

But Mr. Dorrell decries what he describes as "the National Coal Board culture of seeking to recover a resource regardless of the cost".

It is not in the country's interest, he says, to provide tax breaks for companies to develop oil and gas deposits which are not economic in their own right. He believes it is the country's duty to leave them in the ground for future generations to develop when technological advances or rising energy prices make them economic. He wants to change the North Sea from a low-risk, low-reward province to one where oil companies take more of the risk, but also keep more of the profit if they are successful. If this results in oil being left in the ground, that is what the market thinks best, according to Mr. Dorrell.

The threat of a sharp fall in exploration may have been exaggerated by independent companies who stand to lose their tax breaks. As much as 40 per cent of current exploration activity is being con-

The industry still hopes that the Treasury will agree to transitional arrangements to soften the blow

ducted by companies which pay no PRT against which to offset the cost, Mr. Dorrell says.

The other important uncertainty is whether the government is correct in assuming that oil companies will reinvest their PRT savings in the North Sea. Again, the oil majors are promising big benefits as development projects are accelerated to take advantage of lower PRT. Mr.

David Simon, chief executive of British Petroleum, said: "The PRT changes will bring more barrels out of the North Sea. Some projects will move up the pecking order of priorities worldwide because of the new tax regime."

BP yesterday announced it would develop nine oil fields in the central North Sea earlier than planned because of the Budget changes. The company said that development of the fields – the Eastern Trough

Area Project, which will cost between £1.5bn and £2bn over the next five years – was given a "significant impetus" by the new PRT rules.

But the smaller companies take a different line. Mr. Francis Gugen, finance director of Amerada Hess, points out that even after the PRT cut, profits from large North Sea fields will be taxed at 71 per cent by the time corporation tax is added in. "Why invest in something with that sort of tax rate when you could invest elsewhere?" he asks. Amerada has said that it will transfer exploration out of the UK North Sea if the Budget changes go through.

Whether a flight of drill rigs out of the North Sea actually occurs depends on how the UK stacks up against other oil producing regions. Under the new regime, the rate of tax on North Sea profits would range from 33 per cent on fields exempt from PRT, to 71 per cent on fields that pay it. This is a relatively low rate by international standards (in Norway companies pay a flat 78 per cent). But the abolition of allowances will put the UK at a disadvantage to Norway, which allows full tax relief for exploration and where geologists believe there are still large fields yet to be discovered.

In spite of the high costs and maturity of the North Sea, a study by Wood MacKenzie, the oil analysis group in Edinburgh, found that the UK still compares well with other countries in the attractiveness for drilling. The study was completed before the PRT changes, but Wood MacKenzie believes they will not affect the appeal of the UK's oil and gas resources.

Wood MacKenzie plotted the number of commercial oil discoveries against the number of wells drilled for nine countries in three distinct regions worldwide: Indonesia, Malaysia, Philippines and Vietnam in south-east Asia; Angola, Congo and Gabon in west Africa; and Norway and the UK in the North Sea.

The analysts found that, in the past 20 years, the UK was behind only Norway in the number of commercial oil finds. But because of its increasing maturity, the UK slipped into sixth place when it was ranked on the success of wells in finding commercial oil discoveries in the past five years.

The study also compares the countries on a risk-reward basis which ranks the drilling success rate with the attractiveness of the fiscal regime. This was conducted before the PRT changes. The UK ranked joint second with the Congo after Vietnam.

But Wood MacKenzie stresses the importance of the host government's attitude to the oil industry in attracting its migratory capital. Mr. David Black, an industry consultant at Wood MacKenzie said: "One of the disappointing features of this PRT change is that the UK was always regarded by the industry as politically and fiscally stable: everyone knew how you played the game, but this has been destroyed at a stroke." Mr. Black said the lack of consultation over the changes and the retrospective nature of the move had shocked the industry.

The industry still hopes that the Treasury will agree to transitional arrangements to soften the blow and restore the UK's hospitable image. These arrangements, proposed by Mr. John Butterfill, MP for Bournemouth West, and other senior Tory backbenchers, involve continuing tax relief for wells where companies have made commitments to drill but have not yet started work. This will be financed by raising the proposed PRT rate from 51 per cent to 55 per cent until the end of 1995.

Mr. Lamont is taking quite a gamble with his proposed reforms. If they work, he will have called the oil industry's bluff about their potentially disastrous impact. Britain will enjoy the double benefit of continued exploration and more intensively managed North Sea fields. But if he has misjudged the situation he may not still be new exploration, but he could also kiss goodbye to billions of dollars worth of future North Sea investment.

Solving an art problem

■ The idea of giving Lord Gowrie, boss of Sotheby's Europe, the chairmanship of the Arts Council when Lord Palumbo's term expires next March, sounds rather persuasive at first sight.

During his time in government Gowrie, 58, was one of the few arts ministers who knew anything about the arts and as a published poet and former dealer in contemporary pictures he would enjoy mixing with his own kind. The stumbling block is whether he can square chairing the council and still keep his well-paid job at Sotheby's.

Although Lord Palumbo turned it into a full-time post, it doesn't have to be so. His predecessor, Lord Rees-Mogg, got by with popping in twice a week. The difficulty is that the chairmanship of the Arts Council is unpaid and Gowrie is not rich, so he would probably want to keep his Sotheby's pay packet.

This shouldn't pose much of an obstacle for Sotheby's. True, recent management changes have undermined Gowrie's role in the firm. However, Sotheby's New York, which calls the shots, loves having a Lord on its letterhead, especially one with a high-profile job at the heart of the British establishment.

The real problem may be concerns in Whitehall that Sotheby's, rather than the council, would gain most from any such

appointment. The hunt for Palumbo's successor may not be over.

Modernising

■ Suggestions, please, for a replacement for one of Britain's most baffling local authority names – Langbaugh.

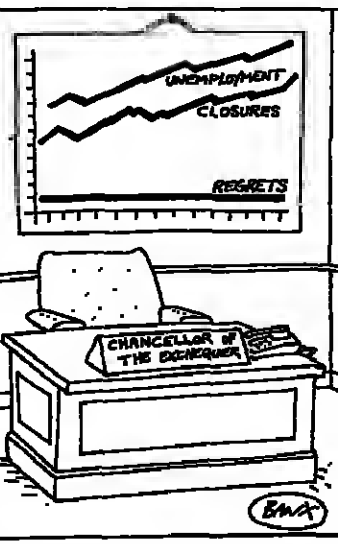
The name, which is Saxon for long barrow and refers to the Cleveland hills, crept onto the map following the 1974 local government reorganisation. Its pronunciation, and spelling, have caused bother ever since. Some people even thought it was in Wales, prompting Langbaugh council to slip in "on Tees" a few years ago.

Now the Local Government Commission has said Langbaugh should become a unitary authority, but under a new name. One idea is Redcar Council. The only problem is that the council offices are not in Redcar, but in Easingwold, near Middlesbrough. Suggestions on a postcard to the town clerk.

Title fight

■ What is business success? The title of tonight's debate at The Royal Society for the Encouragement of Arts, Manufactures and Commerce, sponsored by head-hunters Saxton Bamphylde, will presumably provide the usual amount of hot air. Sir John Egan, the chief executive of BAA, and the Bishop of Oxford, are pitted against a couple of

OBSERVER



red-blooded capitalists – Tomkins chairman Michael Moore and Bob Horton, the ex-chairman of BP. As far as Observer is concerned the bishop is probably the only one who can come up with a convincing answer – getting to heaven on time.

Checkmates

■ No wonder the Labour party wants to reform the House of Lords. Last week, John Smith, the party leader, had to sack Lord Desal from his job as opposition economic spokesman for speaking out of turn on the merits of extending VAT. Now Jack Straw, shadow

environment secretary, has had to squash another embarrassing initiative. Observer hears that his independently minded mates in the upper house had wanted to do a deal with the Tory rebels who oppose the government's leasehold reforms. In the hope of defeating ministers today during the final stages of the bill, Labour peers were intending not to vote, which would have given the Tory rebels a free run at the government.

The Commons shadow environment minister had to point out to them that Labour itself is not in favour of restricting the rights of tenants as the landlords' lobby propose. Ministers are now hoping that the opposition's efforts at whipping its troops are rather more effective than their own.

Legal problem

■ Tony Ensor, the only casualty of the boardroom bust-up at Liverpool Football Club, is nowhere near as well known as Graham Soumess, the club's embattled manager. But his departure raises an interesting question. Who advised the board on the legal side of the Soumess row?

Ensor may have been little known to many fans, but he is widely respected in the Merseyside business community as the senior partner of Weightman Rutherford, one of the north-west's leading corporate law firms. He became a Liverpool director after the Heysel Stadium disaster in 1985, and has

been a source of stability in the boardroom ever since.

Ensor's sudden exit must raise questions about how long chairman David Moores, a member of the wealthy pools family who became chairman in August 1991, can survive in the job. The last Moores should do now is find another top-notch lawyer.

Mixed feelings

■ Good news and bad news in a Mori survey soliciting executives' views on corporate governance. Music to the ears of the sponsors – two executive placement companies – is that most of those questioned were in favour of changes which would boost the number and power of non-executives on company boards.

More dispiriting, by contrast, is that not many supported a more objective selection process to govern the employment of their services. The bulk of positions still seem to be filled via the old boy network, and most of Mori's interviewees opposed a majority of non-executives on appointments committees.

Meal of it

■ Leeds solicitors Lupton Fawcett briefly breaks client confidentiality to report that a gentleman known to the firm has had his tax return devoured by his infant daughter. No doubt it will be processed through the normal channels.

Haig Simonian on a company hit by Italy's widening political scandal

The magistrates' inquiries have moved steadily up the group's management ladder to embrace, most recently, two of its three top executives, excluding members of the controlling Agnelli family.

Earlier this year, Mr Francesco Paolo Mattioli, Fiat's chief financial officer, spent 28 days in Milan's San Vittore prison before being transferred to house arrest. Last month, magistrates issued a cautionary warrant against Mr

Mr Massimo Aimetti, Iveco's finance director, is also under house arrest in Turin.

Construction is the second sector in which Fiat has been implicated. Apart from Mr Mattioli, chairman of the group's Cogefar-Impresit building unit, other executives interrogated include Mr Mosconi, who was managing director of the Fiat-Impresit building unit, and Mr Enzo Papi, a former senior manager in the group.

So far, Mr Romiti has appeared twice before the magistrates. On the last occasion, he delivered a 20-page document, and six pages of appendices, outlining political corruption. Since then, other Fiat managers have supplied additional information.

The magazine also published a denial by Mr Romiti. However, the resurgence of doubts about the degree of Fiat's willingness to co-operate is bound to raise the temperature between magistrates and the company once more.

And it is sure to trigger renewed accusations from other leading businessmen, still in prison, that Fiat has been given preferential treatment.

A clean break at last, Page 14

By Ralph Atkins in London

He said Mr Major was prepared to listen more to voters' concerns and was keen that all government policies, "are geared to strengthening and broadening the economic recovery". But Mr Major appears equally determined not to be forced into panic reversals of key government policies.

Under pressure: Norman Lamont leaves Downing Street yesterday

Sir Norman will use a speech to the Scottish Tory party confer-

Cabinet will discuss on Thursday next year's legislative pro-

The admission that Tories were in a "dreadful hole," by Mr Kenneth Clarke, home secretary, gave Tory MPs licence to voice publicly the depths of their anxiety.

Mr Lamont appears to accept his only option is to try and ride out the storm. He will stress the prospects for economic recovery when he addresses the Scottish conference tomorrow. A colleague of the chancellor said: "He has got so used to these crises, it is no different from normal."

THE LEX COLUMN

As a piece of financial engineering, the acquisition's appeal is now becoming apparent. The industrial logic, though, remains as opaque as ever. The rationalisation of RHM's milling and baking businesses is proceeding much as the previous management had already outlined. The great assault on the industry's capacity problems has not yet been made. Meanwhile, the competition may even intensify. ABF has lost several percentage points of market share in the past few years. It seems rather keen to win it back.

UK economy

Past form suggests the government likes to react to political troubles with a soothing cut in interest rates. That thought gripped both the foreign-exchange and equity markets yesterday, especially given the favourable data on producer prices. Manufacturers' output prices are showing only a restrained response to sterling's exit from the ERM. The market has already been feeling the benefit of its recent appreciation. A similarly positive message from the retail prices next week – which is to be expected anyway now there is no poll tax – might create an excuse for lower rates. It would be rash to assume the government will use it.

The economy is stronger than it was at the time of January's surprise cut and interest rates are, of course, lower. Yesterday's consumer credit

FT-SE Index: 2829.8 (+36.1)

Tomkins

Share price relative to the FT-AI All-Share Index

Source: Datastream

data show the recovery is taking hold, but the balance of payments is too fragile to sustain consumer-led growth for long. If there has to be a quick political response to the Newbury and local election results, it is more likely to take the form of a cabinet reshuffle than a cut in rates.

A new chancellor would still confront old problems. Norman Lamont's last budget failed adequately to address the medium-term strains on the PSBR, while Newbury has increased the political obstacles in the way of reducing it. A further rate cut might in due course soften the blow of fiscal tightening. By steepening the yield curve, it would also facilitate the sale of gilts. But the PSBR would finally have to come under convincing control. Otherwise the markets may start to worry about the inflationary spectre and interest rates would be on their way up again.

HDTV

Europe's electronics manufacturers have failed to excite programme makers, satellite operators or consumers with high-definition television. Yet, judging by the negotiations in Brussels yesterday, they are still trying to pour barrel politics to keep their absolute dominance of the future switched on. Both the Japanese system and HD-MAC, the European high-definition television standard, use analogue technology similar to conventional sets. Digital HDTV technology is, however, catching up. In the US the Federal Communications Commission is due to select a digital standard within the next year. Digital TV's extra capacity will leave analogue standing, yet Phil

By James Blitz in London

STERLING slipped sharply against both the D-Mark and the dollar yesterday as dealers took the view that the UK government might cut base rates again to try and improve its fortunes. The pound closed 3 pennies

Sterling was also a full percentage point below its Friday close when measured against its exchange rate index, which tracks sterling's value against a basket of currencies. It closed last night at 79.9.

Speculation that the UK might again ease monetary policy, thus stimulating the economy, helped the FT-SE 100 index of leading industrial shares to rise 36 points to close at 2,829.7.

also increased hopes for inflation-free expansion in the UK economy.

On the money markets, there was mild speculation that base rates could be cut by the autumn. Three-month sterling cash closed at 5% per cent from a previous close of 5 1/8 per cent.

**By Roger Matthews
in Washington**

A PLO spokesman in Tunis said the Palestinian negotiating team would be cut from 14 members to three. It would also suspend the work of three sub-committees. However, the PLO has stopped short of withdrawing from the peace process, launched in Madrid 18 months ago.

The Palestinians also claim Israel has reneged on a promise to speed the return of the nearly 400 men deported last December to southern Lebanon and to

The Palestinians had already halted work on the sub-committee dealing with human rights in the occupied territories, a decision described as "bizarre" by an Israeli spokesman in Washington. Work has now also been stopped on committees on self-government and the issues of land and water.

The crisis was triggered by the resignation submitted on Sunday by Rabbi Arye Deri, the Shas interior minister. He may now remain in his post.



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Thyssen in group bid for Klöckner-Werke steel mill

By Ariane Genillard in Bonn

THYSSEN and Krupp-Hoesch, Germany's two largest steel producers, said yesterday they will lead a consortium of European steelmakers to take over part of the steel operations of Klöckner-Werke, the embattled German steel group.

The consortium wants to acquire the cold rolling mill in Klöckner-Werke's steel plant in Bremen.

"We will study this offer as carefully as any other. Negotiations with foreign partners have been running for some time already," Klöckner-Werke said.

The proposal depends on the success of the debt relief plan under which Klöckner-Werke hopes to write off DM1.7bn of its DM2.4bn (\$1.5bn) net debt.

The company's main creditors, including Deutsche Bank and other leading German banks, have already in principle agreed to the plan. A final meeting of creditors is scheduled for June 7.

But the debt relief scheme still depends on the approval of the European Commission which has a DM175m outstanding loan to the group. Last week, the EC said it will not push for the loan's full recovery pending a review of Klöckner-Werke's restructuring plans.

The EC wants to make sure that significant production cuts are made by Klöckner-Werke to support the Commission's overall plan to restructure the European steel industry.

Klöckner-Werke will present its restructuring deal to the EC

on Wednesday. The company plans to cut its raw steel production by 20 per cent, with a blast furnace in Bremen set for closure.

But it may also have to consider reducing production of its hot rolling mill in Bremen to satisfy EC demands, industry analysts said.

Like the EC, Klöckner-Werke's competitors are eager to see significant production cuts made to relieve the overcapacity crisis plaguing the European steel industry.

They also have an interest in the debt relief scheme going through to prevent Klöckner-Werke from going into outright bankruptcy. "A bankrupt steelmaker would be a danger because a competitor could buy it for nothing," a source in the German steel industry said.

Wall Street broker confirms job losses

By Patrick Harverson in New York

SMITH Barney Shearson, the US brokerage house created earlier this year, confirmed yesterday that it would shed between 1,200 and 1,500 jobs this year, mostly from the company's back office operations.

The lay-offs are part of a restructuring of the new company, created when Primerica, the diversified financial services group which owned Smith Barney Harris Upham, the Wall Street firm, bought American Express's Shearson brokerage unit for about \$1bn.

The merger made the new entity the second largest securities brokerage house in the US, behind Merrill Lynch, long-time industry leader.

Smith Barney Shearson, which employs 26,500, said that some staff had been notified of planned redundancies and that the gradual process of lay-offs would probably be completed by the end of this year.

The job cuts will come in the company's back office processing and clearing operations, as well as in the administration, personnel and human resources departments.

The roughly 11,000 stockbrokers who work for Smith Barney Shearson will not be affected by the workforce reductions. In some areas, such as capital markets, research and corporate finance, the firm is said to be hiring staff.

Apple uses chip developed with IBM, Motorola

By Louise Kehoe in San Francisco

APPLE Computer is to use a microprocessor chip, co-developed with International Business Machines and Motorola, in a new generation of Macintosh personal computers.

Apple plans to incorporate the powerful Rise-based microprocessor into its line of PCs beginning in the first half of 1994.

At a software developers' conference yesterday, Apple demonstrated a prototype high-performance Macintosh computer incorporating the new microprocessor, called PowerPC, running standard Macintosh applications software without modification.

Apple announced the support of 11 software developers which are writing new versions of their applications for the PowerPC Macintosh.

Apple formed an alliance with IBM and Motorola to develop the PowerPC chip in October 1991.

Daiichi Housing rescue package nears completion

By Charles Leadbeater in Tokyo

NOMURA Securities, Japan's leading securities house, and the Long Term Credit Bank of Japan are close to an agreement for a ¥40bn (\$300m) bailout of Daiichi Housing Loan, their jointly-owned housing loan company which is burdened by mounting bad debts.

The deal is the second financial reconstruction among Japan's eight housing loan companies. These have been hit by the downturn in the property market and land prices since the late 1980s. Earlier this year, a group of banks agreed to bail out Nippon Housing Loan.

It is expected these two deals will lead to financial reconstruction plans for the other housing loan groups.

Nomura and the Long Term Credit Bank have spent weeks hammering out the agreement, after Nomura refused to accept the terms proposed by the bank.

The two companies both own 9 per cent of Daiichi Housing Loan, which was founded by the Long Term Credit Bank in 1975.

Under the agreement, the Long Term Credit Bank will reduce to zero the interest on its outstanding loans to Daiichi Housing Loan, worth about ¥210bn. The foregone interest income will cost the bank about ¥5.4bn a year.

Nomura, which has strong capital reserves, will pay ¥20bn to buy collateral for housing loans which have since turned sour.

Both shareholders will each pay ¥10bn for a new issue of Daiichi Housing's shares.

Nomura estimates that the ¥30bn it will be contributing to the rescue will cost it about ¥1.8bn a year.

It is not clear whether other lenders to Daiichi Housing, such as the Norinchukin agricultural bank and Sumitomo Trust Bank, have been asked to reduce the interest on their loans.

Hungary issue aimed at western investors

By Nicholas Denton in Budapest

HUNGARY'S corporate debt market was opened up further to foreign investors yesterday with the announcement of a new commercial paper issue.

Hungary, the Hungarian float-glass maker owned by Guardian Industries of the US, has established a programme to issue commercial paper worth up to Ft1.5bn (\$16.7m). It will be the first forint-denominated CP issue accessible to western institutional investors.

The notes, carrying the guarantee of the parent company and an A1 credit rating, are to be priced to yield just above Hungarian Treasury bills. The 180-day T-bills currently yield 16.5 per cent.

Credit Suisse First Boston, dealer and arranger of the issue, expects to place about a quarter of the paper internationally.

The opening of the CP market has been driven by interest from international institutions drawn to the relatively high yields on forint debt and sanguine about the risk of devaluation.

For its part, the National Bank of Hungary, the central bank, said it would permit foreign take-up now that forint interest rates were lower and the margin for disruptive speculative investment had narrowed.

However, the NBH said that it would continue to grant licences only on a case-by-case basis for the issue abroad of Hungarian corporate debt.

The market, officials said, was too thin to allow general liberalisation which would bring sudden capital movements.

Marriott files bond plan details

By Nikkai Tait in New York

MARRIOTT Corporation, the large lodging and food services group, yesterday filed with the Securities and Exchange Commission details of its plan to exchange existing bonds for new high-yielding debt securities, common stock and cash.

If all bondholders participate fully in the exchange offer, \$1.525bn of existing bonds would be retired.

The offer was agreed in principle with some of the group's bondholders in March.

Bondholders were upset by Marriott's plans to demerge its

main operating interests - the lodging business and food services operations - which would leave behind Marriott's property assets and the bulk of the group's \$3bn of debt.

Negotiations between Marriott and some of the larger US institutional bondholders resulted in the exchange offer plan.

However, a second group of unhappy bondholders - led by the UK's Prudential insurance group - continued to oppose the demerger plan, and so far has not agreed to the settlement offer.

Marriott, which intends to put the demerger plan to shareholders at the June 22 annual meeting, said the exchange offer required holders of 85 per cent of all relevant series of bonds and 51 per cent of each individual series to agree.

In the SEC filing, it said the new bonds would have interest rates 100 basis points higher and maturities extending about four years later than the present Marriott bonds.

Up to \$70m of Marriott common stock and up to \$104m of cash would be offered in the exchange.

Canada halves stake in Cameco

By Bernard Simon in Toronto

THE Canadian government has halved its stake in Cameco Corporation, one of the world's biggest uranium producers, through a secondary issue of shares to the public.

A group of underwriters, led by Burns Fry and RBC Dominion Securities of Toronto, yesterday sold 5m Cameco shares to institutional and retail investors at C\$20.50 a share. Before the sale, the shares were trading at C\$21.25 on the Toronto stock exchange.

The bulk of the shares were

sold in Canada, with European investors buying less than 10 per cent.

The sale lifts the public's stake in Cameco to 51.5 per cent from 41.9 per cent. The federal government now owns 19.2 per cent, with the remaining 38.9 per cent held by the province of Saskatchewan, where Cameco is based.

Both the federal and Saskatchewan governments aim to dispose of their entire stake by October 1995.

The response to the Cameco issue was relatively subdued compared with other share

offerings by Canadian resource companies in the past few weeks. One of the underwriters said investors appeared to be holding back, with the uranium market weak and further parcels of Cameco stock expected to come on to the market over the next year or two.

In addition to its uranium mines in northern Saskatchewan and processing facilities in Ontario, Cameco is prospecting for gold and diamonds. The company earned C\$8m (US\$6.4m) last year on sales of C\$305m. It produced 13.6m lbs of uranium concentrates.

Cambior sees rise in gold output

By Robert Gibbens in Montreal

CAMBIOR, the international gold producer, estimates its output will rise 75 per cent to 500,000 ounces this year, with its new Oumal project in Guyana on stream.

Mr Louis Gignac, president, said gold would remain the Canadian group's top priority and estimated an average price

of US\$260 per ounce for the rest of 1993. The company would also, however, be diversifying into base metals.

Cambior, which is also a major producer of niobium, used in steel production, is spending C\$17m (US\$13.4m) on gold and base metals exploration this year, half in North America and half in Mexico and Chile.

First-quarter profit amounted to C\$876,000 or 2 cents a share, down from C\$3.9m or 13 cents a year earlier, on revenues of C\$75m against C\$44m.

Gold output rose 25 per cent to 107,000 ounces.

Mr Gignac said profits would revive in the rest of 1993 as operating costs declined and gold prices stabilised.



BANQUE OBC - ODIER BUNGENER COURVOISIER

The Ordinary General Meeting of BANQUE OBC - ODIER BUNGENER COURVOISIER, held on May 3rd, 1993 in Paris under the chairmanship of Mr François PROPPER, began by approving the accounts as at 31 December, 1992.

Net profit is 51.18 million francs, compared with 54.68 million francs in 1991.

Net consolidated profit of the BANQUE OBC Group is 56.17 million francs as at 31/12/92, an increase of 11.7 %.

Net revenue of the BANQUE OBC Group is up 6.5 % to 303 million francs, compared with 284.6 million francs in 1991.

Dividend paid to shareholders in respect of 1992 is 28 million francs.

The General Meeting has registered the changes in the Bank's shareholders during the period.

SWISS VOLKSRANK (CREDIT SUISSE Group) controls more than 50 % of the shares of BANQUE OBC through OMNIUM BANCAIRE ET COMMERCIAL - OBC, the Bank's holding company, which holds more than 95 % of the capital.

The capital of OMNIUM BANCAIRE ET COMMERCIAL - OBC is held as follows:

SWISS VOLKSRANK (CREDIT SUISSE Group)	51.25 %
FRANÇOIS PROPPER	16.69 %
CREDIT COMMERCIAL DE FRANCE	11.52 %
COMPAGNIE GÉNÉRALE DES EAUX	10.44 %
SA FIJERINDO	10.10 %

As a result, the new Board of Directors of BANQUE OBC is as follows:

Chairman and Chief Executive Officer
Mr François PROPPER

Vice Chairman
Mr Michel ALXANTRE

Directors
Mr Rolf BEELER
Vice Chairman of the Board of Directors
SWISS VOLKSRANK
Mr Peter BREITENBERGER
Member of the Executive Board
SWISS VOLKSRANK
CREDIT COMMERCIAL DE FRANCE
represented by
Mr Michel PÉREBEAU
Chairman and Chief Executive Officer
COMPAGNIE GÉNÉRALE DES EAUX
represented by
Mr Stéphane RUTTIARD
Financial Director representative
Mr Bernard DARTY

FIJERINDO represented by
Mrs Sandra BÉLÉZ-PROPPER
Vice Chairman and Chief Executive Officer

Mr Marcel FISLER
Member of the Executive Board
SWISS VOLKSRANK
Mr Jacques FRIEDMANN
Chairman and Chief Executive Officer
SAOI ("Société Anonyme de Gestion Immobilière")
S.A.F.R. ("Société Anonyme Française de Réassurance")
represented by
Mr Daniel HEROUARD
Deputy Managing Director
Mr Philippe SARGIS
Deputy Manager, Banque OBC
Mr Alain VAUTIER
Assistant Manager, Banque OBC

Censors

Mr Didier AARON
Auditeur, Expert Conseil
to French Customs
Mr Patrick AUBIS
Group Executive Vice-President
Crédit Commercial de France

Mr Daniel DEJUN
Chairman, Banque Hypothécaire Européenne
Mr Philippe HUSTACHE
Chief Financial Officer,
Eiffage
Mr Gabriel PALLET
Honorary Chairman,
Crédit Commercial de France
SWISS VOLKSRANK
represented by
Mr Hans-Peter VAUT
Assistant Manager
Chief executives
Mr Didier KUNSTLINER
Mr Jean GARRIN

The results for the first quarter of 1993 are in line with general trends in 1992.

All of these securities having been sold, this advertisement appears as a matter of record only.

20,000,000 Convertible Capital Note Units



Barclays Bank PLC

8% Convertible Capital Note Units, Series E

Convertible at the option of Barclays Bank PLC into Noncumulative Dollar-denominated Preference Shares

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Donaldson, Lufkin & Jenrette
Securities Corporation
Lehman Brothers

Prudential Securities Incorporated

Kidder, Peabody & Co.
Incorporated
PaineWebber Incorporated

Smith Barney, Harris Upham & Co.
Incorporated

Bear, Stearns & Co. Inc.

The First Boston Corporation

Alex. Brown & Sons
Incorporated

Cazenove Inc.

Dillon, Read & Co. Inc.

A.G. Edwards & Sons, Inc.

Kemper Securities, Inc.

Oppenheimer & Co., Inc.

Salomon Brothers Inc

Wertheim Schroder & Co.
Incorporated

Advest, Inc.

American Securities Corporation

William Blair & Company

J. C. Bradford & Co.

Commerzbank Capital Markets Corporation

Craigie Incorporated

Crowell, Weedon & Co.

Doff & Co., Inc.

First Albany Corporation

First of Michigan Corporation

Furman Selz
Incorporated

Gibraltar Securities Co.

Gruntal & Co., Incorporated

Interstate/Johnson Lane
Corporation

Janney Montgomery Scott Inc.

Edward D. Jones & Co.

Legg Mason Wood Walker
Incorporated

McDonald & Company
Securities, Inc.

Morgan Keegan & Company, Inc.

The Ohio Company

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Incorporated

Piper Jaffray Inc.

Pryor, McClendon, Counts & Co., Inc.

Rauscher Pierce Refsnes, Inc.

Raymond James & Associates, Inc.

The Robinson-Humphrey Company, Inc.

Rodman & Renshaw, Inc.

Roney & Co.

Stifel, Nicolaus & Company
Incorporated

Sutro & Co. Incorporated

Tucker Anthony
Incorporated

Wheat First Butcher & Singer
Capital Markets

May 1993

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INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Canon cuts its profit forecast as yen rises

By Michio Nakamoto in Tokyo

CANON, the Japanese manufacturer of cameras and office equipment, warned that profits for the current year were expected to be less than half its earlier forecast.

The company blamed the appreciation of the yen, which has risen 11 per cent this year and hit export revenues. Exports account for nearly 80 per cent of the group's sales. Canon revised its parent company pre-tax profit forecast for the year to December 1993 to ¥38bn (\$345m), from the ¥77.5bn it expected in February. Sales have also been revised down, from ¥1,000bn to ¥1,060bn.

On a consolidated basis, Canon expects sales for the year to fall 3.5 per cent from its previous forecast of ¥1,980bn to ¥1,910bn. Pre-tax profits are revised down 37 per cent from ¥102bn to ¥64bn.

The rise in the yen's value from about ¥125 to ¥110 to the dollar - had reduced the company's expected revenues from exports by ¥82bn, Canon said. It plans to deal with the impact of the yen's appreciation through price increases, cost-cutting and by transferring a larger proportion of its manufacturing to its overseas bases, although it does not intend to increase manufacturing sites outside of Japan.

Sumitomo MI pays tax penalty

SUMITOMO Metal Industries said yesterday it had paid more than ¥600m (\$5.4m) in penalty taxes to the Osaka regional tax bureau after failing to report ¥101bn in taxable income between 1990 and 1992, writes Charles Leadbeater in Tokyo.

The money involved was spent on community projects in localities around the company's plants. Sumitomo said it represented tax-free social spending.

Nissan straightens out its Spanish unit's battered balance sheet

Kevin Done examines the Japanese carmaker's plan to inject Ptas15bn in new capital

NISSAN, the Japanese carmaker, is to inject up to Ptas15bn (\$130m) in new equity capital into Nissan Motor Iberica as part of a financial restructuring of its loss-making Spanish subsidiary.

The injection of an initial Ptas5bn will be announced this week, and the provision of a further Ptas10bn is expected by the end of the year.

According to Mr Kiyoshi Sekiguchi, Nissan Motor Iberica managing director, a third tranche of Ptas5bn may have to be injected by Nissan in 1994 to repair its majority-owned subsidiary's battered balance sheet, if the losses cannot be stemmed this year.

Nissan Motor Iberica lost Ptas 14.4bn (\$125m) last year, and it is understood the losses have deepened in the first quarter of this year. Mr Juan Echevarria, Nissan Motor Iberica executive chairman, warned that the company did not expect to return to profit before 1995.

It has plunged into loss in the midst of an ambitious five-year, Ptas150bn investment programme aimed at doubling its capacity to around 165,000 vehicles a year by 1996.

The financial problems of Nissan Motor Iberica, two-thirds owned by Nissan Motor, could hardly have come at a worse time for the Japanese carmaker, whose finances are under heavy pressure because of falling sales in Japan.

In Europe, Nissan's operations in Spain have tended to be overshadowed by its activities in the UK, where it has invested more than £900m to establish its first European car plant - now able to produce around 300,000 cars a year.

The investment in Spain is beginning to rival the spending in the UK, however, and the Nissan group workforce of around 8,000 in Spain, including 7,200 in the Nissan Motor Iberica parent company, exceeds Nissan's UK workforce of about 5,500, including 4,500 at the Sunderland plant.

Having completed the bulk of its investment in the UK car plant, Nissan is attempting to transform the Spanish operations from a maker of outdated commercial vehicles largely for the Spanish domestic market into a producer of niche passenger vehicles to be sold across Europe.

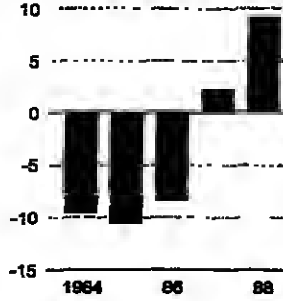
Since last year, it has launched two new ranges from its main Spanish plant in Barcelona, both aimed at the fast-growing segments of the west European car market.

Last autumn it unveiled the Spanish-built Nissan Serena, a 7-8 seat multi-purpose vehicle (MPV) or "people carrier", targeted to challenge vehicles such as the pioneering Renault Espace.

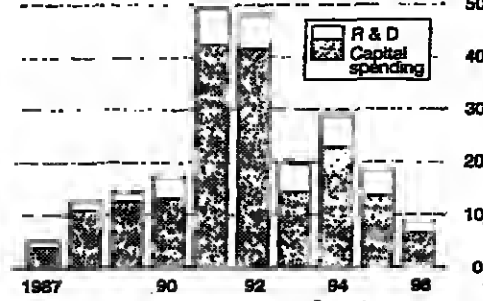
Now it is launching the Terrano II, a four-wheel drive

Nissan Motor Iberica

Pre-tax profit / loss (Ptas billion)



Investments (Ptas billion)



utility vehicle to compete across Europe with the Land Rover Discovery, Mitsubishi Shogun/Pajero and Opel/Vauxhall Frontera.

The Terrano II marks an important step in the development of Nissan's European operations and its integration into Europe's motor industry.

For the first time, a vehicle engineered by a Japanese carmaker and produced in Europe will also be supplied to a long-established vehicle maker in Europe, namely Ford, for sale through Ford's network.

Ford has made repeated public attacks on the build-up of the Japanese vehicle manufacturing presence in Europe, but it was prepared to turn to Nissan to buy in a vehicle for sale under the Ford badge to cover

a gap in its product range.

The Nissan Terrano II will be marketed as the Ford Maverick with only minor cosmetic differences.

Nissan Motor Iberica is planning to build up to 60,000 a year of the four-wheel drive vehicle by 1995, of which 22,000 will be sold to Ford.

An important part of the design and development work on the Nissan Terrano II/Ford Maverick has been carried out by Nissan in Europe rather than in Japan.

Nissan's operations in Spain include not only vehicle assembly but metal-stamping and foundry, machining and assembly operations for engines, transmissions and axles. Diesel engines and transmis-

sions for both Serena and Terrano II are to be built in Spain, while the petrol engines for the Serena are supplied from Nissan's Sunderland plant.

Nissan Motor Iberica is planning to produce around 50,000 Serena vehicles by 1995, including a light commercial van variant to be launched next year.

It is aiming to raise vehicle output to 135,000 in 1995, of which around 80 per cent would be accounted for by the two new vehicle ranges. This compares with output last year of 76,895. Of this number, only 11 per cent was accounted for by the new vehicles - in the form of initial production of the Serena.

With output of both new vehicle ranges located in Europe, Nissan has stoken a

march on most of its volume car rivals both from Europe and from Japan.

In the market for MPVs, only the Renault Espace and the Chrysler Voyager have hitherto been produced in Europe. The range of European offerings is set to expand quickly by the mid-1990s, however, with new models promised by two joint ventures - Fiat with Peugeot and Volkswagen with Ford. Mercedes-Benz is also developing an MPV for production in Spain.

In the fast-growing four-wheel drive leisure/utility segment, four of the "big six" volume carmakers in Europe - Volkswagen, Fiat, Renault and Peugeot - are still missing from the market.

While Nissan Motor Iberica has invested ambitiously in developing new models, modernisation of its plants and in reorganisation of its manufacturing operations and sales network, its profitability has come under heavy pressure.

The losses have been caused in particular by the rapid deterioration in the Spanish domestic market. Sales of both cars and commercial vehicles have fallen sharply and Nissan Motor Iberica's profitability in a previously protected home market is being undermined.

While the commercial vehicle market has contracted sharply, Nissan's own share of the market has fallen at an

even faster rate. Its presence in the Spanish car market is growing strongly, albeit from a small base. But the market is shrinking alarmingly, with new car registrations in the first four months this year a third down on last year.

"Our main objective is to expand into Europe. We cannot just concentrate on the Spanish market; we must live off a bigger volume base," says Mr Sekiguchi. "But our export markets are very tough at the moment because of falling demand and, in the short-term, our exports do not compensate for the very sharp decline in the domestic market."

While the restructuring to be launched this week is aimed at shoring up the balance sheet in the short term, Nissan Motor Iberica is seeking a dramatic improvement in productivity in the medium-term.

By 1995-96, it aims to have doubled its unit output per employee. It plans to cut around 600 salaried staff in the next three years from its 7,200-strong workforce. At the same time, the number of production workers is supposed to remain unchanged, while vehicle output is planned to increase from 77,000 last year to 100,000 this year, to 120,000 in 1994 and 135,000 in 1995.

"We are planning to increase production with no increase in the workforce but only with productivity gains," insists Mr Sekiguchi.

China acts on treasury bonds backlog

By Deirdre Nickerson in Beijing

CHINA'S decision last week to halt new issues of debt and equities securities is a sign of how desperate the authorities are to clear an embarrassing backlog of unsold state treasury bonds.

The March 1 issue of ¥30bn (\$5.2bn) was originally due to expire on April 30, but much to the chagrin of the Ministry of Finance, only ¥5bn worth of bonds had been sold by the original expiry date.

The low return rate - five and three-year bonds carry coupons of 11 and 10 per cent respectively - coupled with

first-quarter inflation of 15.7 per cent make the bonds unattractive to the public who, it seems, would rather speculate in shares.

The Ministry of Finance has extended the expiry date in the hope that bonds will be sold, but prospects are not good. Trading prices have fallen below their face value at most trading centres. The bonds were issued two months early this year in the hope they would be sold before enterprise bonds flooded the market later this year.

The freeze on new debt and equity issues comes as China is making headway in establishing a regulatory framework for

its fledgling securities market and is preparing to do the same for its mushrooming futures markets.

New regulations issued last week by the state council, China's cabinet, were aimed at stiffening the country's stock market regulatory framework, pending the promulgation next year of a new national securities law.

The new rules cover nine aspects of stock market activity, including public offerings, general trading, corporate takeovers, continuous disclosure, investigation procedures and arbitration of disputes.

Last week's interim regula-

tions are also aimed at facilitating the listing of Chinese companies on overseas exchanges.

Nine state enterprises are seeking listing in Hong Kong. Publication of the new regulations caused the Shanghai index to plummet because speculators were concerned at the effect stricter supervision would have on the market's fairly lax regulatory environment.

The China Securities Regulatory Commission said the new rules were aimed at regularising the activities of China's two stock markets: Shanghai and Shenzhen in a Special Economic Zone, adjacent to Hong Kong.

Brambles shares plunge on poor estimate for half

By Bruce Jacques in Sydney

SHARES in Brambles Industries, the Australian transport group, fell yesterday to an 18-month low after a forecast of sharply lower second-half profits.

The shares fell 96 cents to A\$12.98 (\$8.99), their lowest since November 1990, after directors' earnings for the half to June faced a marked fall. They cited recession in Europe as the main reason, but added full-year earnings should not fall more than 15 per cent on the earlier A\$180.2m.

Singapore Technologies to float 25% of offshoot

By Kieran Cooke in Kuala Lumpur

SINGAPORE Technologies Industrial Corp (STIC) is to float an initial 170m shares on the local stock market, representing 25 per cent of its enlarged share capital.

STIC is part of the Singapore Technologies group, which started life in the 1950s as the industrial branch of Singapore's armed forces.

It is now involved in a variety of activities, including computer software, vehicle leasing, infrastructure projects and the operation of the Singapore mint.

STIC says it made a pre-tax profit of S\$38.7m (US\$24m) in calendar 1992.

The share offer will be made on the fixed price and tender system, with an offer price in the region of Singapore 85 cents per share.

Mr Wong Kok Siew, STIC's president, said the proceeds would help the group to expand overseas operations.

Keppel, a Singapore conglomerate with a large stake in the island republic's shipyards, intends to list its subsidiary, Keppel Bank, on the local stock market. Keppel said details would be announced next month.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, May 10, 1993. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	£ STG	US \$	D-MARK	YEN (x 100)	COUNTRY	£ STG	US \$	D-MARK	YEN (x 100)
Algeria (Algeria)	96.25	64.8579	40.3045	57.8117	Canada (Canada)	1.3700	0.5902	0.5485	7.4707
Argentina (Argentina)	1,350.00	1,350.00	1,350.00	1,350.00	Chile (Chile)	1,350.00	1,350.00	1,350.00	1,350.00
Australia (Australia)	1.5400	0.6300	0.5900	7.4707	Colombia (Colombia)	1,350.00	1,350.00	1,350.00	1,350.00
Austria (Austria)	1.3500	0.5400	0.5000	6.7500	Costa Rica (Costa Rica)	1,350.00	1,350.00	1,350.00	1,350.00
Belgium (Belgium)	1.3500	0.5400	0.5000	6.7500	Czech Rep. (Czech Rep.)	1,350.00	1,350.00	1,350.00	1,350.00
Brazil (Brazil)	1,350.00	1,350.00	1,350.00	1,350.00	Denmark (Denmark)	1.3500	0.5400	0.5000	6.7500
Bulgaria (Bulgaria)	1,350.00	1,350.00	1,350.00	1,350.00	Ecuador (Ecuador)	1,350.00	1,350.00	1,350.00	1,350.00
Canada (Canada)	1.3700	0.5902	0.5485	7.4707	Egypt (Egypt)	1,350.00	1,350.00	1,350.00	1,350.00
Chile (Chile)	1,350.00	1,350.00	1,350.00	1,350.00	France (France)	1.3500	0.5400	0.5000	6.7500
China (China)	1,350.00	1,350.00	1,350.00	1,350.00	Germany (Germany)	1.3500	0.5400	0.5000	6.7500
Colombia (Colombia)	1,350.00	1,350.00	1,350.00	1,350.00	Greece (Greece)	1,350.00	1,350.00	1,350.00	1,350.00
Costa Rica (Costa Rica)	1,350.00	1,350.00	1,350.00	1,350.00	Hong Kong (Hong Kong)	1.3500	0.5400	0.5000	6.7500
Czech Rep. (Czech Rep.)	1,350.00	1,350.00	1,350.00	1,350.00	India (India)	1,350.00	1,350.00	1,350.00	1,350.00
Denmark (Denmark)	1.3500	0.5400	0.5000	6.7500	Indonesia (Indonesia)	1,350.00	1,350.00	1,350.00	1,350.00
Ecuador (Ecuador)	1,350.00	1,350.00	1,350.00	1,350.00	Israel (Israel)	1,350.00	1,350.00	1,350.00	1,350.00
Egypt (Egypt)	1,350.00	1,350.00	1,350.00	1,350.00	Italy (Italy)	1.3500	0.5400	0.5000	6.7500
France (France)	1.3500	0.5400	0.5000	6.7500	Japan (Japan)	1.3500	0.5400	0.5000	6.7500
Germany (Germany)	1.3500	0.5400	0.5000	6.7500	Korea (Korea)	1,350.00	1,350.00	1,350.00	1,350.00
Greece (Greece)	1,350.00	1,350.00	1,350.00	1,350.00	Malaysia (Malaysia)	1,350.00	1,350.00	1,350.00	1,350.00
Hong Kong (Hong Kong)	1.3500	0.5400	0.5000	6.7500	Mexico (Mexico)	1,350.00	1,350.00	1,350.00	1,350.00
India (India)	1,350.00	1,350.00	1,350.00	1,350.00	Nicaragua (Nicaragua)	1,350.00	1,350.00	1,350.00	1,350.00
Indonesia (Indonesia)	1,350.00	1,350.00	1,350.00	1,350.00	Norway (Norway)	1.3500	0.5400	0.5000	6.7500
Israel (Israel)	1,350.00	1,350.00	1,350.00	1,350.00	Poland (Poland)	1,350.00	1,350.00	1,350.00	1,350.00
Italy (Italy)	1.3500	0.5400	0.5000	6.7500	Romania (Romania)	1,350.00	1,350.00	1,350.00	1,350.00
Japan (Japan)	1.3500	0.5400	0.5000	6.7500	Russia (Russia)	1,350.00	1,350.00	1,350.00	1,350.00
Korea (Korea)	1,350.00	1,350.00	1,350.00	1,350.00	Saudi Arabia (Saudi Arabia)	1,350.00	1,350.00	1,350.00	1,350.00
Malaysia (Malaysia)	1,350.00	1,350.00	1,350.00	1,350.00	South Africa (South Africa)	1,350.00	1,350.00	1,350.00	1,350.00
Mexico (Mexico)	1,350.00	1,350.00	1,350.00	1,350.00	Spain (Spain)	1.3500	0.5400	0.5000	6.7500
Nicaragua (Nicaragua)	1,350.00	1,350.00	1,350.00	1,350.00	Sweden (Sweden)	1.3500	0.5400	0.5000	6.7500
Norway (Norway)	1.3500	0.5400	0.5000	6.7500	Switzerland (Switzerland)	1.3500	0.5400	0.5000	6.7500
Poland (Poland)	1,350.00	1,350.00	1,350.00	1,350.00	Taiwan (Taiwan)	1,350.00	1,350.00	1,350.00	1,350.00
Romania (Romania)	1,350.00	1,350.00	1,350.00	1,350.00	Thailand (Thailand)	1,350.00	1,350.00	1,350.00	1,350.00
Russia (Russia)	1,350.00	1,350.00	1,350.00	1,350.00	Turkey (Turkey)	1,350.00	1,350.00	1,350.00	1,350.00
Saudi Arabia (Saudi Arabia)	1,350.00	1,350.00	1,350.00	1,350.00	USA (USA)	1.3500	0.5400	0.5000	6.7500
South Africa (South Africa)	1,350.00	1,350.00	1,350.00	1,350.00	West Germany (West Germany)	1.3500	0.5400	0.5000	6.7500
Spain (Spain)	1.3500	0.5400	0.5000	6.7500	Yugoslavia (Yugoslavia)	1,350.00	1,350.00	1,350.00	1,350.00
Sweden (Sweden)	1.3500	0.5400	0.5000	6.7500					
Switzerland (Switzerland)	1.3500	0.5400	0.5000	6.7500					
Taiwan (Taiwan)	1,350.00	1,350.00	1,350.00	1,350.00					
Thailand (Thailand)	1,350.00	1,350.00	1,350.00	1,350.00					
Turkey (Turkey)	1,350.00	1,350.00	1,350.00	1,350.00					
USA (USA)	1.3500	0.5400	0.5000	6.7500					
West Germany (West Germany)	1.3500	0.5400	0.5000	6.7500					
Yugoslavia (Yugoslavia)	1,350.00	1,350.00	1,350.00	1,350.00					

AMGOLD

Anglo American Gold Investment Company Limited

(Incorporated in the Republic of South Africa)

Registration No. 000994/06

Results for the year and final dividend

(R million)	31.3.93 (Unaudited)	31.3.92
Investment income	233.4	219.9
Interest earned less administration expenses	54.3	63.1
Surplus on realisation of investments	15.4	-
	303.1	283.0
Cost of prospecting	35.0	33.1
Provision against investments and loans	15.0	10.0
Grants - educational and welfare	5.5	4.4
Net income	247.6	235.5
Earnings per share - cents	1 025.2	975
Dividends		
- R million	247.5	235.4
- cents per share	1 025	975
interim	525	475
final	500	500
Market and directors' values of investments		
Listed - market value	5 007.6	4 820.7
Unlisted - directors' valuation	288.0	206.7
Loans	74.6	65.3
	5 370.2	5 092.7
Net asset value		
- R million	5 730.4	5 453.6
- cents per share	23 731	22 585

COMPANY NEWS: UK

RHM's milling side in Tomkins' sights

By Richard Gourlay

MR GREG Hutchings, chief executive of Tomkins, yesterday gave the first details of how his Smith & Wesson handgun and bicycle conglomerate is to integrate Ranks Hovis McDougall, bought last year for £935m.

Most analysts believe that for RHM to be a successful acquisition Tomkins would need to turn around the marginally profitable milling and baking division, so it was not surprising most attention has been focused on this cut-throat market.

But for observers of the bread wars that periodically hit supermarkets and currently have suppliers in a tight grip, there were only crumbs of reassurance that some of the imbalance will be removed from the market.

"We have a pretty open mind about Tomkins but still need a bit of convincing that the milling and baking industry is going to turn around in the short run," said Mr David

Lang, analyst at Henderson Crosthwaite.

Nevertheless, Tomkins has made a start and Mr Hutchings says British Bakeries "capacity has (been brought) more into line with demand". Production is now "concentrated in the efficient bakeries".

British Bakeries has closed bakeries in Croydon and Exeter and a plant at Taffs Well in Wales. Capacity has been cut at Wimbush bakery in Birmingham and distribution depots at Liverpool and Preston have closed with Grimsby depot soon to follow.

"I do not think RHM have done a great job," Mr Hutchings says. "There is a huge amount of cost saving which we can do." He says he is not planning any price benefits - but by increasing prices - but will be taking out capacity. In the five months since Tomkins took control, 7 per cent of RHM capacity had already gone.

There remains, however, the matter of the RHM challenge to ABF before Tomkins took over. "There is still a problem

of relative market share before we can see any balance returning to the industry," said Mr Lang. "They have taken a lot of market share off the market leader (ABF) who is obviously intent on getting it back."

It is a view with which Mr Hutchings does not concur. "I think it will settle down to those sorts of market-share numbers for ever," Mr Hutchings said. "If they lose money, we lose money; if they make money, we make money." Tomkins has also recognised the value of the brands it has taken over.

It said yesterday it would be increasing the brand advertising budget by 25m over the next 12 months, a move that has reassured some food analysts who suspected Tomkins would be tempted to milk the brands.

Elsewhere Tomkins says it has accelerated the search for savings, particularly in labour costs, at Rank Hovis, the flour milling business which has been hard hit the the poor breadmaking wheat harvest.

Three companies are to raise funds for their expansion plans through flotations
PhoneLink for USM with £40m tag

By Alan Cane

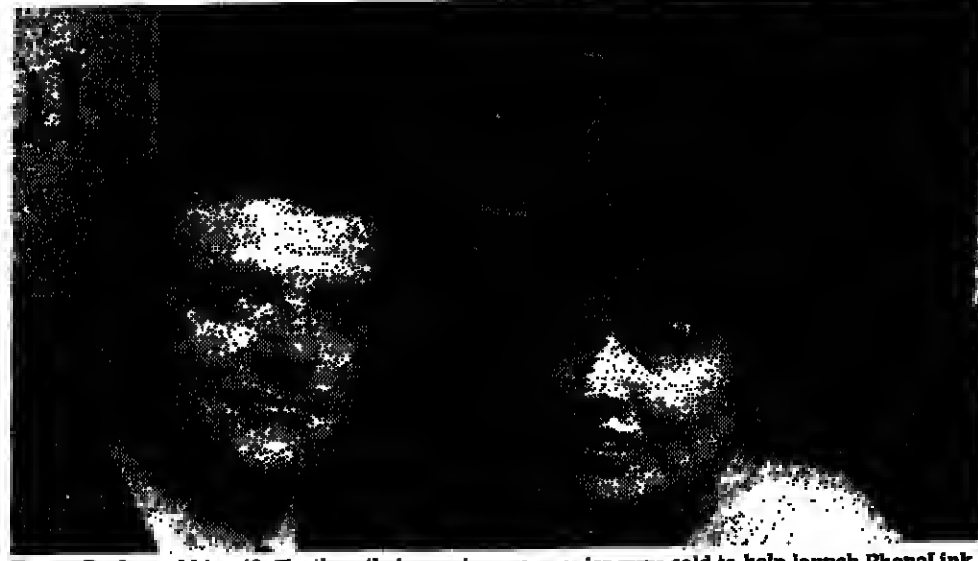
FINDING THE metaphorical needle in a haystack must often seem easier than retrieving information from an on-line database. The search techniques used by most commercial operators leave a lot to be desired.

This suggests that PhoneLink, a three-year old computing services company based on Merseyside, should warrant the gratitude of information users when it floats on the Unlisted Securities Market.

PhoneLink has developed a novel method of finding stored information which promises hitherto unheard of speed and simplicity. It is already finding support in the database industry. Among the suppliers who have agreed to provide electronic information to run on PhoneLink's computers are the Automobile Association, British Rail, Ordnance Survey and the Royal Mail.

British Telecom will market its method of extracting telephone numbers from its database as a service called BT Teledirectory, at present on trial with some of BT's large users. IBM, the market leader in personal computers, has reached agreement in principle to build special terminals and to incorporate PhoneLink's software into its personal computers.

Some 25 per cent of the com-



Trevor Burke and his wife Heather: their previous companies were sold to help launch PhoneLink

pany is expected to be floated through a placing sponsored by Allied Provincial Securities. The aim is to raise about £12m to continue the development and marketing of key technologies. At the placing price, the company is expected to be capitalised at about £40m.

PhoneLink is the creation of Mr Trevor Burke and his wife Heather. Their previous companies, Technique, which marketed computer-aided design software for kitchen manufacturers and Profile UK, which supplied building industries

with planning application details, were sold to help launch the new company. Its business case lies in its claim to be able to do simply and cheaply what is at present difficult and expensive.

PhoneLink's method is called Tel-Me; it makes use of a swathe of technologies including artificial intelligence and parallel computing. Among its advantages, according to Mr Burke, is that costs per inquiry will be lower than other UK on-line information services. Typically, a complete enquiry,

including connection time, should be processed within 15 seconds. The use of software predictive techniques may mean that the right answer is on the computer screen before the customer has finished typing in the enquiry.

The Burkes envisage customers using Tel-Me to retrieve information from a parcel of databases. A salesperson, for example, might investigate the most effective routes between calls, check on hotels in the area and look at news stories on prospective clients.

Division Group float becomes a reality

By Paul Taylor

BRISTOL-BASED Division Group has become the first company involved with virtual reality computer technology to float on the Stock Market.

Henry Cooke Lumsden, the Manchester broker, yesterday placed 15.4m of the shares at 40p each. The placing is equivalent to about 45.6 per cent of the capital and values the group at £13.5m. The shares are expected to begin trading on Monday.

Some 1.65m shares were sold on behalf of existing shareholders, who are retaining a substantial portion of their present holdings. The balance was sold by the group to raise about £5m net.

Division has developed a complete virtual reality system based on personal computers. In the year to March 31 1992 the group recorded a loss of £107,000 on turnover of £1.06m. In the five months to March 31 this year it made a pre-tax profit of £19,000 on turnover of £746,000.

The funds raised through the placing will be used to boost marketing and fund research and development.

API planning third leg as profits advance by 46%

By Peter Pearce

API, the packaging group, yesterday announced a 46 per cent jump in pre-tax profits from £1.94m to £2.84m for the half year to April 3, on turnover 11 per cent higher at £32.8m.

Mr Michael Smith, group chief executive, also announced that the company would soon be adding - by acquisition - a third packaging leg to stand alongside the foils/laminates and converted film/paper products divisions.

Mr Smith said the advances were largely due to productivity increases and rises in mar-

ket share, rather than to any upturn within the packaging industry in particular or the UK economy in general. He added that sales by volume had climbed 14 per cent but that there had been some price erosion after winning several large accounts.

Mr Smith said the prospective new leg would be higher-tech yet - since the year-end the group has strengthened its balance sheet by £1.2m to £2m net cash.

Of API's sales some 48 per cent are abroad - 15 per cent to the US, 27 per cent to Europe and 6 per cent to the Far East.

Foils and laminates lifted operating profits to £1.37m (£798,000) on turnover of £20m (£17.6m), while converted film and paper products made £1.44m (£900,000) on turnover of £11m (£9.62m). Mr Smith said that both divisions were still pursuing margins of 15 per cent this time they were 6.8 (4.3) per cent and 10.4 (9.4) per cent respectively.

Again the blot was the heating and ventilating systems side which broke even (£200,000) on turnover of £1.78m (£2.28m).

The interim dividend is lifted to 3.35p (3.05p), covered 1.9 times by earnings of 6.4p (4.5p).

Court Cavendish prepares for market debut

By Catherine Milton

COURT CAVENDISH, the UK nursing home operator, will today announce plans for a flotation by way of a public offer and placing, likely to value the company at between £40m and £50m.

Dr Chai Patel, Court Cavendish chairman, said: "The plan is to de-gear to nothing, but we hope to raise more than the £24.6m debt we are carrying. If we do not raise any new expansion capital, the market capitalisation would be between £35m and £40m."

The company is the fifth largest in its sector in a fragmented market, operating 1,202 beds in 24, mainly purpose built, homes. It plans to grow at 500 beds a year for the next three to five years through acquisitions and joint

ventures with health and local authorities as well as increasing beds on existing sites.

A pathfinder prospectus for the UBS-arranged flotation, including full accounts for the year to April, is due next month. It is expected that half the shares will be placed with the rest offered to the public.

The market for nursing homes, which caters for about 10 per cent of people aged 75 or older, is in flux because of new government funding rules. However, the UK's ageing population means demand in the market should increase.

Court Cavendish is joining a growing sector of the stock market including Takara, Quality Care Homes, Associated Nursing Services and the most recent entrant, Westminster Health

Care which floated in March. It has a higher proportion than its rivals - 60 per cent - of private or part-private clients.

The company began operating in late 1985 and expanded the following year with the £29m acquisition of 12 homes from Ladbroke, funded by venture capital and the Royal Bank of Scotland.

The initial gearing proved "difficult" and the group was re-financed in 1991. Foster's Brewing Group, which holds 43 per cent in equity converted from £7.1m mezzanine debt, is expected to sell as is Ladbroke which has an 8 per cent equity stake.

Other venture capital backers - Kleinwort Benson, Grosvenor, Gartmore and Legal and General - are expected to remain on board. Management expects to hold between 5 and 10 per cent of the listed company.

Results have been affected by high interest charges since 1990. The company estimates making £54,000 pre-tax profit in the year to April compared with a £4.36m loss in the previous period.

However, it expects profits before interest of £2.67m after exceptional costs of £134,000 associated with the flotation (£1.5m losses, depressed by exceptional costs of £4.53m).

Turnover is estimated at £13.6m (£13.3m) giving an operating margin of 20.6 per cent (22.8 per cent), a little lower than rivals. The company said margins were not directly comparable year-on-year because the mix of owned, managed and leased homes fluctuates.

John Wood ahead at £18.5m

By James Buxton, Scottish Correspondent

JOHN WOOD Group, the privately-owned energy contracting company based in Aberdeen, continued to expand in 1992 but at a slower rate than in the previous year.

Sales were up 17 per cent at £203.6m and pre-tax profits ahead 10 per cent at £16.5m.

Mr Ian Wood, chairman, said

that trading conditions had been more testing than in 1991, with slower expansion in the North Sea where exploration companies in particular were finding life more difficult.

"We needed to draw breath a little," said Mr Wood. In 1991 turnover rose 44 per cent from £120.8m to £173.8m, and pre-tax profits jumped 78 per cent from £9.5m to £16.9m.

The company, which claims

to be the UK's largest indigenous oil and energy services company, is working closely with Shell Expro in the North Sea and last year won a five year contract worth about £150m overall from British Petroleum for design and engineering services to three North Sea fields.

The company won two large contracts for oilfield services in Kuwait where it employs 1,000 people, and invested £1.5m in workshops in the United Arab Emirates. In the US the group spent \$15m (£9.7m) on two acquisitions in the oilfield services sector.

In the non-oil sector the group invested £3m in a repair facility for gas turbines at Aberdeen and won a five year repair and maintenance contract with National Power.

Banque Indosuez pays £8.8m for Sheppards

By Angus Foster in London and Alice Rawsthorn in Paris

BANQUE INDOSUEZ, the French investment bank, is expanding its UK interests by paying about £8.8m for Sheppards, one of London's oldest stockbrokers.

Indosuez has been in discussions since November with Sheppards' management and its 51 per cent shareholder Banque Arabe et Internationale d'Investissement, the Arab banking subsidiary of BNP.

Sheppards will be merged with the relevant assets of Indosuez's existing UK businesses, Carr Kitcat Aitken, an institutional investment firm, and WI Carr Investments, which specialises in private clients. That business will be renamed Carr Sheppards.

Mr Antoine Jeancourt-Galignani, chairman of Indosuez, said the acquisition formed part of the group's long term international expansion strategy and its plans to strengthen its private client business, where Sheppards is well established.

He said the merger should yield "significant cost savings" particularly in administrative

areas and in central overheads. About 40 to 50 staff, a third of Sheppards' total, are likely to be made redundant following the merger.

Indosuez, one of the largest subsidiaries of Suez, the French industrial and financial group, experienced a difficult time in the past year because of economic slowdown and the property slump in Paris. It saw net profits plummet 87 per cent to FF101m (£12.2m) in 1992.

Mr Jeancourt-Galignani said there had been a "significant improvement" during the first quarter of this year. The group had come under pressure in France because of high interest rates and the slowdown, but had fared well in its international and private banking business.

Mr Fred Carr, chief executive of Carr Sheppards, said the merger brought together two of the oldest names in the City. WI Carr was founded in 1825 and Sheppards two years later. "It's one reason we felt we should keep the Sheppards name going on the private client side," he said.

Sheppards, with funds under management of about £1.6m, is thought to have made profits of some £1m last year.

Carclo poised to swoop for Arthur Lee in agreed bid

By Andrew Bolger

CARCLO Engineering Group is expected to announce the agreed takeover of Arthur Lee & Sons, the Sheffield-based manufacturer of steel and plastic products in which it already has a 29.9 per cent stake.

Shares in Arthur Lee were suspended yesterday lunchtime at 142p, valuing the group at £47.6m. A minute later, Carclo's shares were suspended at 225p, giving the Leeds-based company a market capitalisation of £36.4m.

Neither company or any of their advisers would comment. However, a full bid had been expected since Carclo raised its Arthur Lee stake to the present level in October by paying

GM Firth, the engineering group, 80p per share for a 22 per cent stake.

Carclo, a card clothing, wire and engineering products group, has ridden out the worst of the recession, thanks partly to the timely disposal of its springs and forgings business for £21.6m to Hoechst, the German steel group, in 1991. Although Mr John Ewart, Carclo's chairman, described the Arthur Lee stake as a "trade investment", he also said last year that he was always on the lookout for acquisitions at the right price.

Carclo's pre-tax profits fell 30 per cent to £5.63m in the 12 months to March last year, but its interim pre-tax profits increased by 23 per cent in the

six months to September and it was enjoying a stronger order book.

Pierce price competition and a decline in demand decreased Arthur Lee's pre-tax profits from £5.12m to £861,000 in 1991, but they recovered to £2.98m in the year to September 30. The group repaid nearly all its borrowings last year after selling its loss-making bright bar division and related steel stock-holding company for £7.5m.

Arthur Lee shares dipped to 65p in August last year, but were chased up to their present level by the bid speculation.

Mr Peter Lee, chairman, said in January that Carclo's stake was "a worry" and "not of our choosing".



Sir Michael Bishop: stayed in profit in one of the most difficult periods seen in Civil Aviation

Airlines of Britain in black and strong start this year

By Richard Gourlay

AIRLINES OF Britain, the holding company for British Midland Airways, remained in the black last year despite a recession that has pushed some direct competitors in Europe into substantial losses.

Pre-tax profits fell from £2.1m to £284,000 in the year to end-December on sales which moved ahead 14.5 per cent at £392m.

However, Sir Michael Bishop, chairman, said the airline rebounded from a poor start last year to record a strong first quarter in 1993.

British Midland, the largest

airline, made operating profits of £833,000 (£2.66m): losses at Loganair were reduced to £1.48m (£1.97m) while Manx Airlines saw profit decline to £87,000 (£1.6m).

"We have kept the business in the black in one of the most difficult periods I have seen in Civil Aviation," Sir Michael said.

The first half had been affected by passengers trading down from business class.

Passengers were now returning to the front of the aircraft, partly due to the introduction of the Diamond Euro-class.

Afar British Airways' takeover last autumn of Dan Air, passengers had also moved back to Heathrow from Gat-

wick, leading to a strong last quarter, Sir Michael said.

Mr Austin Reid, managing director of British Midland, said that despite recession the group had met its strategic target of expanding the international side of the business.

International sales had grown from 15 per cent five years ago to 50 per cent today.

Mr Reid said British Midland had regained some market share on the Belfast and Glasgow routes after British Airways last month reduced the frequency in its flights.

The increase in frequency in 1991 had been an attempt to "marginalise us", said Mr Reid.

Announcement to the holders of warrants "BBC" 1990-95 issued by ABB Employee Equity B.V. Amsterdam, Netherlands

The Annual General Meeting of shareholders of BBC Brown Boveri Ltd. Baden, Switzerland, held on May 6, 1993 has decided to:

- make a split (1:5) of each of its Series B Registered Shares with a nominal value of Sfr 100 into 5 new Registered Shares each with a nominal value of Sfr 20;
- make a split (1:5) of each of its Series A Bearer Shares with a nominal value of Sfr 500 into 5 new Bearer Shares each with a nominal value of Sfr 100; and
- to exchange each of its Participation Certificates with a nominal value of Sfr 100 for one new Bearer Share with a nominal value of Sfr 100.

As a consequence and in accordance with Condition 2 of the BBC warrants each warrant entitles the holder thereof to purchase 1.01 BBC Bearer Share with a nominal value of Sfr 100 at a price of Sfr 1016.20 per share. This change is effective from May 11, 1993.

May 11, 1993
ABB Employee Equity B.V. BBC Brown Boveri Ltd

ATLANTIS SICAV
20, BOULEVARD EMMAUEL SERVAS
L-2535 Luxembourg

AVIS AUX ACTIONNAIRES

Messieurs les actionnaires sont convoqués par le présent avis à l'ASSEMBLEE GENERALE ORDINAIRE DES ACTIONNAIRES qui se tiendra au siège social à Luxembourg le 21 Mai 1993 à 14h30, avec l'ordre du jour suivant:

ORDRE DU JOUR

- Rapport de gestion du Conseil d'Administration;
- Rapport du Reviser d'Entreprises;
- Adoption des comptes de l'exercice au 31 Décembre 1992;
- Affectation du résultat de l'exercice;
- Décharge aux administrateurs;
- Réélection des administrateurs sortants à l'exception de Monsieur Pierre VANSTENKISTE démissionnaire;
- Ratification de la nomination de Monsieur Geoffrey LINDARD de QUETZELCUN en remplacement de Monsieur Pierre VANSTENKISTE;
- Autres.

Les résolutions des actionnaires lors de l'Assemblée Générale Ordinaire seront votées à une majorité simple des actionnaires présents et votants. Chaque action a un droit de vote. Tout actionnaire peut voter par mandataire. Pour la société.

BANQUE DE GESTION EDMOND DE ROTHSCHILD LUXEMBOURG
20, Boulevard Emmanuel Servas
L-2535 LUXEMBOURG

Prices for disability insurance for the persons of the following professions in England and Wales:

Profession	Male	Female	Male	Female
1000	25.00	25.00	25.00	25.00
1010	25.00	25.00	25.00	25.00
1020	25.00	25.00	25.00	25.00
1030	25.00	25.00	25.00	25.00
1040	25.00	25.00	25.00	25.00
1050	25.00	25.00	25.00	25.00
1060	25.00	25.00	25.00	25.00
1070	25.00	25.00	25.00	25.00
1080	25.00	25.00	25.00	25.00
1090	25.00	25.00	25.00	25.00
1100	25.00	25.00	25.00	25.00
1110	25.00	25.00	25.00	25.00
1120	25.00	25.00	25.00	25.00
1130	25.00	25.00	25.00	25.00
1140	25.00	25.00	25.00	25.00
1150	25.00	25.00	25.00	25.00
1160	25.00	25.00	25.00	25.00
1170	25.00	25.00	25.00	25.00
1180	25.00	25.00	25.00	25.00
1190	25.00	25.00	25.00	25.00
1200	25.00	25.00	25.00	25.00
1210	25.00	25.00	25.00	25.00
1220	25.00	25.00	25.00	25.00
1230	25.00	25.00	25.00	25.00
1240	25.00	25.00	25.00	25.00
1250	25.00	25.00	25.00	25.00
1260	25.00	25.00	25.00	25.00
1270	25.00	25.00	25.00	25.00
1280	25.00	25.00	25.00	25.00
1290	25.00	25.00	25.00	25.00
1300	25.00	25.00	25.00	25.00
1310	25.00	25.00	25.00	25.00
1320	25.00	25.00	25.00	25.00
1330	25.00	25.00	25.00	25.00
1340	25.00	25.00	25.00	25.00
1350	25.00	25.00	25.00	25.00
1360	25.00	25.00	25.00	25.00
1370	25.00	25.00	25.00	25.00
1380	25.00	25.00	25.00	25.00
1390	25.00	25.00	25.00	25.00
1400	25.00	25.00	25.00	25.00
1410	25.00	25.00	25.00	25.00
1420	25.00	25.00	25.00	25.00
1430	25.00	25.00	25.00	25.00
1440	25.00	25.00	25.00	25.00
1450	25.00	25.00	25.00	25.00
1460	25.00	25.00	25.00	25.00
1470	25.00	25.00	25.00	25.00
1480	25.00	25.00	25.00	25.00
1490	25.00	25.00	25.00	25.00
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1510	25.00	25.00	25.00	25.00
1520	25.00	25.00	25.00	25.00
1530	25.00	25.00	25.00	25.00
1540	25.00	25.00	25.00	25.00

Prices are determined for every branch in the United Kingdom, and for the persons of the following professions in England and Wales: 1000 25.00 25.00 25.00 25.00 1010 25.00 25.00 25.00 25.00 1020 25.00 25.00 25.00 25.00 1030 25.00 25.00 25.00 25.00 1040 25.00 25.00 25.00 25.00 1050 25.00 25.00 25.00 25.00 1060 25.00 25.00 25.00 25.00 1070 25.00 25.00 25.00 25.00 1080 25.00 25.00 25.00 25.00 1090 25.00 25.00 25.00 25.00 1100 25.00 25.00 25.00 25.00 1110 25.00 25.00 25.00 25.00 1120 25.00 25.00 25.00 25.00 1130 25.00 25.00 25.00 25.00 1140 25.00 25.00 25.00 25.00 1150 25.00 25.00 25.00 25.00 1160 25.00 25.00 25.00 25.00 1170 25.00 25.00 25.00 25.00 1180 25.00 25.00 25.00 25.00 1190 25.00 25.00 25.00 25.00 1200 25.00 25.00 25.00 25.00 1210 25.00 25.00 25.00 25.00 1220 25.00 25.00 25.00 25.00 1230 25.00 25.00 25.00 25.00 1240 25.00 25.00 25.00 25.00 1250 25.00 25.00 25.00 25.00 1260 25.00 25.00 25.00 25.00 1270 25.00 25.00 25.00 25.00 1280 25.00 25.00 25.00 25.00 1290 25.00 25.00 25.00 25.00 1300 25.00 25.00 25.00 25.00 1310 25.00 25.00 25.00 25.00 1320 25.00 25.00 25.00 25.00 1330 25.00 25.00 25.00 25.00 1340 25.00 25.00 25.00 25.00 1350 25.00 25.00 25.00 25.00 1360 25.00 25.00 25.00 25.00 1370 25.00 25.00 25.00 25.00 1380 25.00 25.00 25.00 25.00 1390 25.00 25.00 25.00 25.00 1400 25.00 25.00 25.00 25.00 1410 25.00 25.00 25.00 25.00 1420 25.00 25.00 25.00 25.00 1430 25.00 25.00 25.00 25.00 1440 25.00 25.00 25.00 25.00 1450 25.00 25.00 25.00 25.00 1460 25.00 25.00 25.00 25.00 1470 25.00 25.00 25.00 25.00 1480 25.00 25.00 25.00 25.00 1490 25.00 25.00 25.00 25.00 1500 25.00 25.00 25.00 25.00 1510 25.00 25.00 25.00 25.00 1520 25.00 25.00 25.00 25.00 1530 25.00 25.00 25.00 25.00 1540 25.00 25.00 25.00 25.00

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Carr Investments, which specialises in private clients. That business will be renamed Carr Sheppards.

Mr Antoine Jecancourt-Gallimani, chairman of Indosuez, said the acquisition formed part of the group's long term international expansion strategy and its plans to strengthen its private client business, while Sheppards is well-established.

He said the merger should yield "significant cost savings" particularly in administrative

Excalibur tal

SHARES OF Excalibur Group yesterday closed 5p down at 14½p following the announcement that discussions in relation to an approach for the jewellery maker, announced on

IN BF

BEMROSE CORPORATION has received acceptances in respect of \$1m new ordinary shares, representing about 95.6 per cent of the total shares offered by way of rights. KIS GROUP has acquired the business and assets of William Klein of Eastling, Germany, for £1.72m cash, including the repayment of loans, and the provision of service division of Airwork of Farnham, Dorset, for £390,000 cash.

INTERCARE has acquired RTH, a Dutch manufacturer and distributor of wheelchairs and other mobility aids, for a maximum of Ft 81 (£2,500).

MALAYA GROUP is to pay 51.18m cash for the freehold of a dealership site adjacent to the Bow flyover in east London. Malaya said it was in advanced talks with a number of vehicle manufacturers for

Shares gain 5p as company notes signs of improvement in the economy

Cleaning side behind fall at Sketchley

By Angus Foster

SKETCHLEY, the cleaning and textile rental company, yesterday confirmed that profits fell last year and said it has started a "massive discounting campaign" to try to lift turnover at its 465 dry cleaning stores.

Pre-tax profits fell from £5.02m to £3.11m in the year to April 2 due to recession. The fall, which included exceptional costs of £1.65m, was expected. Last month Sketchley warned that second half trading in its dry cleaning division had been poor. At the interim stage the company reported flat profits of £3.1m.

Sketchley's shares gained 5p to 97p after Mr David Davies, chairman, noted signs of improvement in the economy. "Any sustained recovery will be felt relatively quickly by our divisions," he said.

Turnover fell to £104m (£107m). Operating profits dropped sharply from £3.64m to £5.83m, mainly because the dry cleaning division turned from a trading profit of £1.76m to a

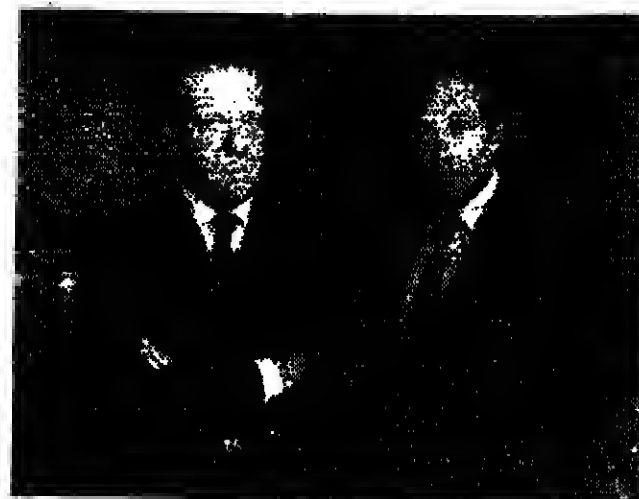
loss of £198,000. The company said the division returned to profit last month. The discounting campaign, which meant price cuts of 30 per cent or more, had started well, according to Mr John Richardson, joint deputy chairman.

The textile services division was helped by winning new contracts and made operating profits of £5.43m (£5.53m). Interest costs fell to £1.07m (£2.62m). The company continued to repay borrowings, which fell to £5.92m (£11.9m), and gearing dropped from 31 per cent to 18 per cent.

The exceptional charge stemmed from a provision on an interest rate swap agreement which was entered into in 1989, before the present management took charge. Earnings fell from 7.3p to 4.9p, or 6.6p without the exceptional. The company is recommending a maintained final dividend of 2p to make an unchanged total of 3p.

COMMENT

Three years after saving Sketchley, Mr Richardson and



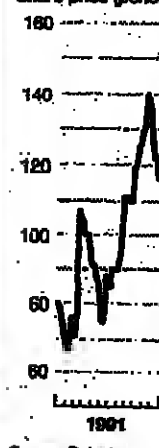
John Richardson (left) and Tony Bloom, joint deputy chairman

his fellow deputy chairman, Mr Tony Bloom, show a new determination, and perhaps impatience, to get the business moving. Price cutting, set to continue to the year end, is a calculated risk which needs large volume increases or margins will suffer. Meanwhile the two men are still looking for

acquisitions and said a £30m or upwards target would be suitable. Both are familiar with managing larger companies, and acquisitions are likely to stray from the textile services sector. The City, apparently, is supportive. Mr Richardson said his institutions are ready to back a large

Sketchley

Share price (pence)



Source: Datastream

Clark rules out 'witch hunt' of directors

By Maggie Urry

C&J CLARK, whose shareholders narrowly defeated the proposal to sell to Berisford at a special meeting last Friday, said yesterday there would be "no witch hunt" of directors.

Seven of the 11 directors, including all the executives, had recommended shareholders to sell to Berisford.

Mr Walter Dickson, chairman of Clark, has gone on holiday to Barbados for two weeks. He said on Friday he would be "considering his position" following the vote. Some shareholders had attempted to oust Mr Dickson at a meeting last October, at which the board was given a mandate to seek a bidder for the group.

Speculation was that Mr Roger Pedder, a non-executive director who had neither recommended nor opposed the sale originally, but who came out against the deal on Friday, might become chairman if Mr Dickson left.

At the meeting a shareholder asked Mr Lance Clark, also a non-executive director, who was a leading opponent to the sale, if he would continue to support Mr Dickson as chairman if the resolution was defeated. He refused to give that assurance.

Berisford in black and reaffirms acquisition stance

By Maggie Urry

BERISFORD International yesterday reported a return to profits and pledged to continue its search for acquisitions despite being turned down last week as a suitor for C&J Clark, the shoe company.

Mr Alan Bowkett, chief executive, said the group was assessing four possible deals, mainly acquisitions of subsidiaries of larger companies.

Mr Bowkett said Berisford was "seeking friendly transactions" but then quipped "a hostile bid would be a piece of cake after this".

Berisford is understood to be considering claiming its costs, amounting to less than £1m, for the abortive £184m bid from Clark.

Mr John Slater, chairman, said the property and agribusiness group would "continue to pursue with undiminished enthusiasm opportunities for our management team to develop a broadly based industrial holding company".

He said Berisford was disappointed not to have the chance "to effect the substantial improvement in performance that we believe we could have enabled Clark's to implement".

Berisford wished Clark well "in resolving the substantial issues facing them". Berisford shares returned

from suspension and closed unchanged at 128p.

The group reported a £400,000 pre-tax profit for the six months to end-March, compared to a loss of £57.4m which was after substantial provisions.

However, the outcome included a £2.1m gain on the sale of the stake in Hunter Saphir.

No new provisions were needed, Mr Slater said, and the group "is now on a firm financial footing and ready to move forward again".

At the half year end, Berisford had net cash of £3.2m (debt £15m at the last year end). At its peak in 1990 debt was £1.2bn.

Turnover fell from £103.1m to £47.3m, although the fall in sales from continuing operations was from £87.4m.

The loss from continuing operations was £1.5m (£1.2m) as the agribusiness interests suffered a drop in cotton sales and the engineering subsidiary experienced a price squeeze from motor industry customers.

Earnings per share were 0.3p (losses of 58.3p restated for the 5-for-1 share consolidation and the use of FR 3).

There is no interim dividend. Berisford last paid a dividend in respect of the year covering 1988-89.

Prowling loses £4.87m after land provisions

By Paul Taylor

THE NEED for further provisions against its land holdings pushed Prowling, the housebuilder, into pre-tax losses for the second consecutive year.

After a £4.98m (£22.4m) exceptional provision the group reported pre-tax losses of £4.87m in the year to February 28, compared to £17.7m on turnover down by 4 per cent from £36.4m to £35m.

Mr Terry Roydon, chief executive, expressed confidence that this would be the last write-down and said "as 1993 progresses it is clear that the long,

debilitating recession in our industry is coming to an end".

Losses per share were 7.9p (18.8p). As foreshadowed in November, the group is cutting the total dividend to 3.4p (5p) with a second interim dividend of 1.7p, which was paid in April before the Budget tax changes came into effect.

Before the exceptional profits were £68,000, against £4.71m, reflecting higher interest charges of £4.03m (£2.22m) and lower-priced house sales. Mid-year net borrowings peaked at £42.4m before a debt reduction programme resulted in year-end net borrowings falling to £26.1m (£36.5m), for

gearing of 43 per cent.

The number of units sold increased slightly from 273 to 290, but the average price fell from £103,000 to £88,000. House prices generally fell by about 8 per cent and there was a move towards first-time buyers who made up 30 per cent of sales against 23 per cent in the previous year.

As a result gross profits fell to £6.78m (£12m). Administrative expenses were cut to £3.1m (£3.84m) leaving operating profits at £3.57m (£3.37m).

The land bank includes 5,056 plots with planning permission or zoned for residential use, equivalent to more than

15 years supply at current building rates. After taking account of the necessary write-downs the average book cost per plot was £11,600, down from £17,200 before the provisions of the last two years.

Commenting on the outlook Mr Roydon said the recovery in house sales was patchy and confidence remained fragile.

However, he added: "Barring any new economic setbacks I am confident that sales volumes should show a significant upturn for the year as a whole compared with the depressed levels of the last few years."

CLS contracts help Sidlaw maintain mid-term outcome

By Andrew Bolger

SIDLAW GROUP, the oil services, packaging and textiles combine, reported flat pre-tax profits of £4.6m in the six months to March 31, in spite of a jump in turnover from £41m to £71.5m.

Sales benefited from a new £2.7m marine services contract to charter and manage standby and supply vessels for BP and Conoco.

The deal did not contribute any profits, but it is an important part of the group's strategy of developing Contract Logistics Services contracts, which involve managing the supply chain to North Sea operators.

The group said it would try to achieve further cost savings for its customers and could

rent out surplus deck space on the vessels.

Disregarding the new contract, oil services saw sales marginally ahead at £15.6m (£15.4m). Operating profits improved to £3.06m (£2.73m), on the back of a higher contribution from the CLS contracts.

Activity was affected by lower levels of drilling and hook-up support work, and by several weeks of bad weather. The division also absorbed start-up costs for Supplylink, a joint venture set up to offer CLS to the oil industry internationally.

On the packaging side the operating profits were flat at £2m on sales of £20.9m (£18m).

Falcon Packaging was integrated into the division, but recession continued to squeeze

margins.

Operating profits from the Dundee-based textiles division declined from £451,000 to £298,000 on sales which rose marginally from £11.6m to £12.3m. While jobs continued to fall, yarns used in the carpet industry consolidated progress made last year.

Mr Digby Morrow, chief executive, said: "The group's businesses have come through the recession intact and well positioned for growth as economic recovery gathers momentum. One again, oil services has increased its profits and there are encouraging signs that business is picking up in packaging."

Earnings per share fell to 9.2p (9.5p) but the interim dividend is stepped up to 4.25p (3.75p).

Butte Mining plans to rebuild through litigation

By Kenneth Gooding, Mining Correspondent

DAMAGES CLAIMED by Butte Mining from former directors, advisers and investors now total about \$1bn (£637m) reported Mr David Lloyd-Jacob, chairman. This compares with the company's market value of about \$2.4m.

Mr Lloyd-Jacob said litigation in Montana would be "vigorously pursued and, in the opinion of the board, our prospects for significant recovery are good."

However, he said the cases are not expected to come to trial for some time. The UK Serious Fraud Office is also investigating the matters which form the subject of the company's US lawsuit with a view to possible criminal charges, he pointed out.

Butte's audited accounts for

the year to June 30 will show write-offs, write-downs and losses attributable to shareholders totalling \$10.5m, which sharply reduce but do not eliminate the company's net worth.

"Management intends to rebuild net worth in the next few years, primarily by litigation," said Mr Lloyd-Jacob.

Net assets are less than half of the called-up share capital and an extraordinary meeting will be called to consider how to deal with this. "Directors believe that the course of action already commenced and, in particular, the US litigation give the best opportunity for the company to recover its losses," he added.

Butte incurred a pre-tax loss of £336,000 (£52,000 profit) for the half year to December 31 on turnover down from £5.4m to £3m. The loss was financed in part by asset sales.

Parkland reduces loss to £519,000

PARKLAND Textile cut its pre-tax loss from £2.17m to £519,000 in the year ended February 28, after exceptional charges of £286,000.

Withdrawal from garment manufacturing cost an extraordinary £1.04m, but allows the group to develop its more competitive activities of woollen spinning and worsted weaving, with strong emphasis on the dyeing of both yarn and fabric, said Mr Denis Greenwood, chairman.

The group also terminated its direct involvement in weaving fabric for the motor industry by selling its interest in Guildford Europe.

Turnover rose from £49.4m to £58.9m. Exports increased 58 per cent to £11.5m and represented over 20 per cent of total sales, against 15 per cent.

Mr Greenwood looked optimistically on plans for export growth to create a better balance in the business. Exchange rates would be crucial, he stressed.

In the yarn division Knoll Spinning experienced strong order books with significant increases in exports. Yorkshire Yarn Dyeing saw rises in volume throughput but pressure on prices and margins.

Fabric losses were eliminated with further improvement in the order book and margins in home and export markets.

Losses per share were 8p (19.5p). The final dividend is 1p for an unchanged total of 2p.

Select Appointments shows £2.5m deficit

Losses at Select Appointments (Holdings), the USM-quoted employment agency group, fell to £2.53m for the 12 months to December 31.

NEWS DIGEST

That compared with a loss, on an FBS basis, of £1.8m for the previous nine month period.

Turnover from continuing operations amounted to £21.7m (£14.2m), of which £15.6m (£10.4m) was attributable to the UK and £6.15m (£3.82m) to Australasia.

There was a loss of £1.47m in the operating level, against £209,000. UK operations recorded a deficit of £1.48m (£700,000), while Australasia produced profits of £16,000 (losses of £109,000); interest payable amounted to £213,000 (£585,000) and exceptional losses £153,000 (£407,000).

Losses per share, on the enlarged capital following a refinancing in October 1991, amounted to 1.06p (28p).

Mr Anthony Martin, chairman, said that during the first quarter Select had seen a continuing improvement in temporary business, but the permanent recruitment market remained depressed. Nonetheless, he said results for the first quarter were ahead of the comparable period of last year.

Goldsmiths back in black with £48,000

Goldsmiths Group, the specialist jewellery and watch retailer, returned to profit over the 12 months to February 27 with a modest £48,000 pre-tax.

The outcome compared with losses last time of £1.23m. Profits at the trading level, however, expanded 32 per cent to £1.91m (£982,000). Interest charges were slightly reduced at £1.88m (£1.97m). Gearing was maintained at 106 per cent.

The group has capped £12m of its debt at 6.5 per cent for two years. "This will allow us to concentrate on maximising trading profit" said Mr Jurek Piasecki, chairman.

Turnover edged up 6 per cent to £42.9m helped by a stable market over Christmas; the year saw eight branches closed and seven new outlets, including two relocations, opened.

Mr Piasecki said there had been a "distinct improvement" in sales since late last year. Sales in March and April were up 10 per cent overall and 8 per cent on a comparable basis.

A proposed single dividend of 0.3p is uncovered by earnings per share of 0.12p (losses of 6.09p). Last year's distribution totalled 1.8p, including a final of 0.3p.

Unigroup offshoot valued at £24m

Unigroup, the timber and building materials group, announced that the subscription price for flotation of its Malaysian subsidiary has been fixed at £1.50 to value it at \$98m (£24m).

The subsidiary, Golden Phoenix, will be offering 35 per cent of its capital to Malaysian institutional and private investors. Unigroup will retain 60 per cent, worth some £14m at the flotation price.

Mr Jerry Owen, chief executive of Unigroup, said the flotation provided both companies with valuable cash injections which will substantially reduce borrowings and strengthen the underlying value of the group.

Exceptionals leave Pex £908,000 in red

Pex, the knitted products manufacturer, reported pre-tax losses of £908,000 for the year to January 31 after exceptional reconstruction costs of £790,000.

Towards the end of the year the company, formerly known as Palma Group, liquidated subsidiaries, simplified the product range and wrote down property values. The result was to improve reserves by £600,000. After the year end, property was sold in Leicester for £1.4m which went towards reducing debt.

The previous company reported a pre-tax loss of £278,000 for the 12 months to January 31 1992.

Turnover for the period under review was £14.5m (£17.2m). Interest costs were £952,000 (£942,000) and losses per share were 3.65p (1.47p).

ICI Paints completes US deal

ICI Paints has completed a deal, announced on March 2, with Lilly Industries for the transfer of its US-based liquid industrial coatings business in exchange for an undisclosed cash sum and Lilly's coatings business.

The acquired business will broaden ICI's existing position in the North American coatings sector, and continues ICI Paints' moves to focus resources on supporting its decorative, auto refinishing and packaging coatings businesses worldwide.

JO Walker loss cut to £402,000

JO Walker, an importer of timber, ball boards and plywood, reduced its loss in 1992 from £467,000 to £402,000.

After a lower tax credit of £108,000 (£185,000) the net loss came out almost unchanged at £299,000 (£303,000), giving losses per share of 37.4p (37.8p). Turnover was £12.2m (£13.87m).

Cons Venture buys 14.56% of Aberdeen

Consolidated Venture, an investment trust specialising in smaller listed companies on both sides of the Atlantic, has acquired a 14.56 per cent stake in Aberdeen Petroleum.

Aberdeen, which is fighting a hostile 17p per share bid by Pittencrieff, the Edinburgh-based oil explorer and mobile communications company, notified the Stock Exchange yesterday that the trust had acquired 7.5m of its shares on Friday. The price was not disclosed.

IBS raising £752,000 via share issue

By Paul Cheswright, Midlands Correspondent

INTERNATIONAL Bioremediation Services, based in the West Midlands but incorporated in Switzerland, is seeking to raise £752,000 net on the UK capital market through an issue of shares which will be quoted in Vancouver.

The company, controlled by Mr Arthur Haslmann, uses bacterial cultures to break down waste and treat polluted or contaminated land and equipment.

It has operating subsidiaries in the UK, France and the US.

Griffiths & Lamb, the stockbroker, is placing 2.02m shares at 47½p each. The Vancouver quotation is to be arranged through the reverse takeover of Hisway Resources, a shell company whose name will be changed to International Bioremediation Services.

After the issue and quotation, Mr Haslmann will hold over 60 per cent of the equity, but has immediate access only to 18 per cent. The rest of his holding will be held in escrow, its release to him dependent on meeting performance targets.

In the year to last October, IBS suffered a pre-tax loss of £131,000 but the offer prospectus forecasts pre-tax profits for the year ended May 1994 of £220,000 on turnover of £1m.

Funds raised from the issue will be used to bolster IBS's technical base, now dependent on Wolverhampton University, and expand its markets both through licensing agreements and joint ventures and direct sales of its products and expertise.

IBS plans eventually to float its US subsidiary on Nasdaq.

Notice of Meetings



Incorporated with limited liability in the Republic of France

Share Capital: FF637,875,310

Head Office: 7 rue de Téhéran, 75008 Paris, France

Since the Extraordinary General Meeting held on 4th May, 1993 at 3.00 p.m. was held to be inaccurate, shareholders are hereby informed that an Ordinary General Meeting and an Extraordinary General Meeting will be held at the Hotel Meridien Etoile, 81 Boulevard Gouvion Saint-Cyr 75017 Paris on 18th May, 1993 (AGM at 10.30 a.m. EGM afterwards) to consider the same agenda:

Annual General Meeting

- Report of the Board of Directors and the auditors;
- Approval of transactions falling within Article 101 of the law of 24th July, 1966;
- Approval of the accounts for the year ended 31st December, 1993 and quittance to the Board of Directors;
- Allocation of profits and determination of dividend;
- Proposal for payment of dividend in shares;
- Re-election of Directors;
- Renewal of the authorisation to the Board to deal in shares on the Stock Exchange and to issue, either in France or in other countries, ordinary bonds or subordinated loans;
- Power of Attorney for carrying out formalities.

Extraordinary General Meeting

- Reports of the Board of Directors and the auditors; authorisation to be conferred on the Board of Directors:
1. to increase the capital, on one or more occasions, up to a nominal value of FF75 million by issuing new shares with waiver of shareholders' preferential subscription rights;
 2. to issue, on one or more occasions, in France or abroad, marketable securities, giving the right through conversion, exchange, redemption, presentation of a warrant or otherwise, to the allotment of shares the maximum nominal value of which shall be limited to such amount being limited to FF150 million, with waiver of the shareholders' preferential subscription rights;
 3. to issue, on one or more occasions, in France or abroad, bonds convertible into shares up to a maximum nominal amount of FF7,500 million, with waiver of shareholders' preferential subscription rights;
 4. to limit to FF150 million the total amount of the increase in capital that may be permitted by virtue of the authorisations contained in resolutions 2 and 3 above and the authorisations contained in resolutions 2 and 4 of the EGM of 21st May, 1992 which remain in force;
 5. to increase the share capital, on one or more occasions, in the event of a cash or share offer for the securities of the Company, up to a limit of FF300 million, by the issue of new shares, with maintenance of shareholders' preferential subscription rights;
 6. to increase the share capital, in the event of a cash or share offer for the securities of the Company, as permitted by virtue of the conditions in resolution 5 with waiver of shareholders' preferential subscription rights;
 7. to issue, on one or more occasions, in the event of a cash or share offer for the securities of the Company, shares with warrants attached up to a maximum of FF150 million, the maximum nominal value of such an issue being limited to FF150 million with maintenance of shareholders' preferential subscription rights;
 8. to increase the share capital in the event of a cash or share offer for the securities of the Company by virtue of the conditions in resolution 7 with waiver of shareholders' preferential subscription rights;
 9. to limit to FF300 million the total amount of the increase in capital that may be permitted by virtue of the authorisations contained in resolutions 5, 6, 7 and 8;
 10. to grant the power of attorney for carrying out formalities.

All shareholders will be entitled to attend the Meeting, regardless of the number of shares held. To be entitled to attend or to be represented at the Meeting:

- holders of registered shares must be recorded in the Company's share register at least five days before the date of the Meeting;
- holders of bearer shares must deposit at the head office of the Company or at a branch of the institutions listed below, at least five days before the date of the Meeting, a certificate evidencing that the shares have been deposited with authorised intermediaries until the date of the Meeting:

Lazard Frères & Co., Limited, 21 Moorfields, London EC2P 2HT, ENGLAND.
Lazard Frères et Cie, 121 Boulevard Haussmann, 75008 Paris, FRANCE.
Crédit Lyonnais, 19 Boulevard des Capucines, 75002 Paris, FRANCE.
Banque Paribas, 3 Rue d'Antin, 75002 Paris, FRANCE.
Banque de Neufchâteau, Schlumberger, Mallet, 3 Avenue Hoche, 75008 Paris, FRANCE.
Crédit Industriel et Commercial de Paris, 66 Rue de la Victoire, 75009 Paris, FRANCE.
Société Générale, 29 Boulevard Haussmann, 75009 Paris, FRANCE.
Banque Transatlantique, 17 Boulevard Haussmann, 75009 Paris, FRANCE.
Crédit du Nord, 6 et 8 Boulevard Haussmann, 75009 Paris, FRANCE.
Lyonnaise de Banque, 8 Rue de la République, 69009 Lyon, FRANCE.
Banque Nationale de Paris, 16 Boulevard des Capucines, 75009 Paris, FRANCE.
Banque de la Mutuelle Industrielle, 10 Place du Général Caroux, 75017 Paris, FRANCE.
Général de Banque, 3 Montaigne du Parc, Brussels, BELGIUM.
Banque Indosuez, 96 Boulevard Haussmann, 75008 Paris, FRANCE.
Lombard, Odier et Cie, 11 Cornaterie, Geneva, SWITZERLAND.
A. Sarasin et Cie, 107 Freiestrasse, Basle, SWITZERLAND.
J. Vontobel et Cie, Bahnhofstrasse 3, Zurich, SWITZERLAND.
Banque Worms, 1 Place des Degrés, 92059 Paris la Défense, FRANCE.
Banque Demachy et Associés, 223 Rue Saint Honoré, 75001 Paris, FRANCE.
Caisse des Dépôts et Consignations, 56 Rue de Lille, 75007 Paris, FRANCE.

Any Shareholder wishing to attend the Meeting in person should request an entry ticket from one of the above institutions. Proxy Forms must be received by the Company at least five days before the date of the Meeting. A Shareholder can only be represented either by another member of the Meeting, or by his spouse or legal representative. Proxy Forms sent to the Company by the Meeting on 4th May, 1993 remain valid for the second Meeting on 18th May, 1993. Shareholders who have not returned their Proxy Forms can do so under the terms of the above Conditions.

HOTELS & LEISURE - Cont.

BUILDING MATERIALS - Cont.

ELECTRONICS

ENGINEERING GENERAL - Cont.

HOTELS & LEISURE - Cont.**INVESTMENT TRUSTS - Cont**[illegible]

INVESTMENT TRUSTS - Cont.

Trust	Price	1992	1993	1994	1995
Scottish Invest	100	100	100	100	100
Warrington	100	100	100	100	100
Stock Exchange	100	100	100	100	100
Cap	100	100	100	100	100
Support	100	100	100	100	100
Trust Div	100	100	100	100	100
Scottish Invest	100	100	100	100	100
Warrington	100	100	100	100	100
Stock Exchange	100	100	100	100	100
Cap	100	100	100	100	100
Support	100	100	100	100	100
Trust Div	100	100	100	100	100

MERCHANT BANKS

Bank	Price	1992	1993	1994	1995
Barclays Bank	100	100	100	100	100
HSBC Bank	100	100	100	100	100
London & Lancashire	100	100	100	100	100
Midland Bank	100	100	100	100	100
Paragon Bank	100	100	100	100	100

OIL & GAS - Cont.

Company	Price	1992	1993	1994	1995
BP	100	100	100	100	100
Shell	100	100	100	100	100
British Petroleum	100	100	100	100	100
Esso	100	100	100	100	100
Agip	100	100	100	100	100

PACKAGING, PAPER & PRINTING - Cont.

Company	Price	1992	1993	1994	1995
Wiggins Teape	100	100	100	100	100
Wiggins Teape	100	100	100	100	100
Wiggins Teape	100	100	100	100	100
Wiggins Teape	100	100	100	100	100
Wiggins Teape	100	100	100	100	100

TELEPHONE NETWORKS

Company	Price	1992	1993	1994	1995
British Telecom	100	100	100	100	100
British Telecom	100	100	100	100	100
British Telecom	100	100	100	100	100
British Telecom	100	100	100	100	100
British Telecom	100	100	100	100	100

MINES - Cont.

Company	Price	1992	1993	1994	1995
Anglo American	100	100	100	100	100
Anglo American	100	100	100	100	100
Anglo American	100	100	100	100	100
Anglo American	100	100	100	100	100
Anglo American	100	100	100	100	100

METALS & METAL FORMING

Company	Price	1992	1993	1994	1995
British Steel	100	100	100	100	100
British Steel	100	100	100	100	100
British Steel	100	100	100	100	100
British Steel	100	100	100	100	100
British Steel	100	100	100	100	100

MISCELLANEOUS

Company	Price	1992	1993	1994	1995
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100

PROPERTY

Company	Price	1992	1993	1994	1995
British Land	100	100	100	100	100
British Land	100	100	100	100	100
British Land	100	100	100	100	100
British Land	100	100	100	100	100
British Land	100	100	100	100	100

TRANSPORT

Company	Price	1992	1993	1994	1995
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100

WATER

Company	Price	1992	1993	1994	1995
British Water	100	100	100	100	100
British Water	100	100	100	100	100
British Water	100	100	100	100	100
British Water	100	100	100	100	100
British Water	100	100	100	100	100

INVESTMENT COMPANIES

Company	Price	1992	1993	1994	1995
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100

OTHER FINANCIAL

Company	Price	1992	1993	1994	1995
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100

OTHER INDUSTRIALS

Company	Price	1992	1993	1994	1995
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100

STORES

Company	Price	1992	1993	1994	1995
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100

PLANTATIONS

Company	Price	1992	1993	1994	1995
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100

MINES

Company	Price	1992	1993	1994	1995
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100

MEDIA

Company	Price	1992	1993	1994	1995
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100

MOTORS

Company	Price	1992	1993	1994	1995
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100

PACKAGING, PAPER & PRINTING

Company	Price	1992	1993	1994	1995
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100

TELEPHONE NETWORKS

Company	Price	1992	1993	1994	1995
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100

MINES

Company	Price	1992	1993	1994	1995
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100

TRANSPORT

Company	Price	1992	1993	1994	1995
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100
British Airways	100	100	100	100	100

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WORLD STOCK MARKETS

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<p>the values of all indices are 100 except NYSE All Common - 50; Standard and Poor's - 10; and Toronto Composite and Ibovespa - 1000. Toronto indices based 1971 and Montreal Portfolio 4/4/82. ¹ Excluding bonds; ² excluding stocks; ³ including bonds and stocks; ⁴ including bonds, stocks, futures, and currencies; ⁵ CIBC; ⁶ CIBC; ⁷ CIBC; ⁸ CIBC; ⁹ CIBC; ¹⁰ CIBC; ¹¹ CIBC; ¹² CIBC; ¹³ CIBC; ¹⁴ CIBC; ¹⁵ CIBC; ¹⁶ CIBC; ¹⁷ CIBC; ¹⁸ CIBC; ¹⁹ CIBC; ²⁰ CIBC; ²¹ CIBC; ²² CIBC; ²³ CIBC; ²⁴ CIBC; ²⁵ CIBC; ²⁶ CIBC; ²⁷ CIBC; ²⁸ CIBC; ²⁹ CIBC; ³⁰ CIBC; ³¹ CIBC; ³² CIBC; ³³ CIBC; ³⁴ CIBC; ³⁵ CIBC; ³⁶ CIBC; ³⁷ CIBC; ³⁸ CIBC; ³⁹ CIBC; ⁴⁰ CIBC; ⁴¹ CIBC; ⁴² CIBC; ⁴³ CIBC; ⁴⁴ CIBC; ⁴⁵ CIBC; ⁴⁶ CIBC; ⁴⁷ CIBC; ⁴⁸ CIBC; ⁴⁹ CIBC; ⁵⁰ CIBC; ⁵¹ CIBC; ⁵² CIBC; ⁵³ CIBC; ⁵⁴ CIBC; ⁵⁵ CIBC; ⁵⁶ CIBC; ⁵⁷ CIBC; ⁵⁸ CIBC; ⁵⁹ CIBC; ⁶⁰ CIBC; ⁶¹ CIBC; ⁶² CIBC; ⁶³ CIBC; ⁶⁴ CIBC; ⁶⁵ CIBC; ⁶⁶ CIBC; ⁶⁷ CIBC; ⁶⁸ CIBC; ⁶⁹ CIBC; ⁷⁰ CIBC; ⁷¹ CIBC; ⁷² CIBC; ⁷³ CIBC; ⁷⁴ CIBC; ⁷⁵ CIBC; ⁷⁶ CIBC; ⁷⁷ CIBC; ⁷⁸ CIBC; ⁷⁹ CIBC; ⁸⁰ CIBC; ⁸¹ CIBC; ⁸² CIBC; ⁸³ CIBC; ⁸⁴ CIBC; ⁸⁵ CIBC; ⁸⁶ CIBC; ⁸⁷ CIBC; ⁸⁸ CIBC; ⁸⁹ CIBC; ⁹⁰ CIBC; ⁹¹ CIBC; ⁹² CIBC; ⁹³ CIBC; ⁹⁴ CIBC; ⁹⁵ CIBC; ⁹⁶ CIBC; ⁹⁷ CIBC; ⁹⁸ CIBC; ⁹⁹ CIBC; ¹⁰⁰ CIBC; ¹⁰¹ CIBC; ¹⁰² CIBC; ¹⁰³ CIBC; ¹⁰⁴ CIBC; ¹⁰⁵ CIBC; ¹⁰⁶ CIBC; ¹⁰⁷ CIBC; ¹⁰⁸ CIBC; ¹⁰⁹ CIBC; ¹¹⁰ CIBC; ¹¹¹ CIBC; ¹¹² CIBC; ¹¹³ CIBC; ¹¹⁴ CIBC; ¹¹⁵ CIBC; ¹¹⁶ CIBC; ¹¹⁷ CIBC; ¹¹⁸ CIBC; ¹¹⁹ CIBC; ¹²⁰ CIBC; ¹²¹ CIBC; ¹²² CIBC; ¹²³ CIBC; ¹²⁴ CIBC; ¹²⁵ CIBC; ¹²⁶ CIBC; ¹²⁷ CIBC; ¹²⁸ CIBC; ¹²⁹ CIBC; ¹³⁰ CIBC; ¹³¹ CIBC; ¹³² CIBC; ¹³³ CIBC; ¹³⁴ CIBC; ¹³⁵ CIBC; ¹³⁶ CIBC; ¹³⁷ CIBC; ¹³⁸ CIBC; ¹³⁹ CIBC; ¹⁴⁰ CIBC; ¹⁴¹ CIBC; ¹⁴² CIBC; ¹⁴³ CIBC; ¹⁴⁴ CIBC; ¹⁴⁵ CIBC; ¹⁴⁶ CIBC; ¹⁴⁷ CIBC; ¹⁴⁸ CIBC; ¹⁴⁹ CIBC; ¹⁵⁰ CIBC; ¹⁵¹ CIBC; ¹⁵² CIBC; ¹⁵³ CIBC; ¹⁵⁴ CIBC; ¹⁵⁵ CIBC; ¹⁵⁶ CIBC; ¹⁵⁷ CIBC; ¹⁵⁸ CIBC; ¹⁵⁹ CIBC; ¹⁶⁰ CIBC; ¹⁶¹ CIBC; ¹⁶² CIBC; ¹⁶³ CIBC; ¹⁶⁴ CIBC; ¹⁶⁵ CIBC; ¹⁶⁶ CIBC; ¹⁶⁷ CIBC; ¹⁶⁸ CIBC; ¹⁶⁹ CIBC; ¹⁷⁰ CIBC; ¹⁷¹ CIBC; ¹⁷² CIBC; ¹⁷³ CIBC; ¹⁷⁴ CIBC; ¹⁷⁵ CIBC; ¹⁷⁶ CIBC; ¹⁷⁷ CIBC; ¹⁷⁸ CIBC; ¹⁷⁹ CIBC; ¹⁸⁰ CIBC; ¹⁸¹ CIBC; ¹⁸² CIBC; ¹⁸³ CIBC; ¹⁸⁴ CIBC; ¹⁸⁵ CIBC; ¹⁸⁶ CIBC; ¹⁸⁷ CIBC; ¹⁸⁸ CIBC; ¹⁸⁹ CIBC; ¹⁹⁰ CIBC; ¹⁹¹ CIBC; ¹⁹² CIBC; ¹⁹³ CIBC; ¹⁹⁴ CIBC; ¹⁹⁵ CIBC; ¹⁹⁶ CIBC; ¹⁹⁷ CIBC; ¹⁹⁸ CIBC; ¹⁹⁹ CIBC; ²⁰⁰ CIBC; ²⁰¹ CIBC; ²⁰² CIBC; ²⁰³ CIBC; ²⁰⁴ CIBC; ²⁰⁵ CIBC; ²⁰⁶ CIBC; ²⁰⁷ CIBC; ²⁰⁸ CIBC; ²⁰⁹ CIBC; ²¹⁰ CIBC; ²¹¹ CIBC; ²¹² CIBC; ²¹³ CIBC; ²¹⁴ CIBC; ²¹⁵ CIBC; ²¹⁶ CIBC; ²¹⁷ CIBC; ²¹⁸ CIBC; ²¹⁹ CIBC; ²²⁰ CIBC; ²²¹ CIBC; ²²² CIBC; ²²³ CIBC; ²²⁴ CIBC; ²²⁵ CIBC; ²²⁶ CIBC; ²²⁷ CIBC; ²²⁸ CIBC; ²²⁹ CIBC; ²³⁰ CIBC; ²³¹ CIBC; ²³² CIBC; ²³³ CIBC; ²³⁴ CIBC; ²³⁵ CIBC; ²³⁶ CIBC; ²³⁷ CIBC; ²³⁸ CIBC; ²³⁹ CIBC; ²⁴⁰ CIBC; ²⁴¹ CIBC; ²⁴² CIBC; ²⁴³ CIBC; ²⁴⁴ CIBC; ²⁴⁵ CIBC; ²⁴⁶ CIBC; ²⁴⁷ CIBC; ²⁴⁸ CIBC; ²⁴⁹ CIBC; ²⁵⁰ CIBC; ²⁵¹ CIBC; ²⁵² CIBC; ²⁵³ CIBC; ²⁵⁴ CIBC; ²⁵⁵ CIBC; ²⁵⁶ CIBC; ²⁵⁷ CIBC; ²⁵⁸ CIBC; ²⁵⁹ CIBC; ²⁶⁰ CIBC; ²⁶¹ CIBC; ²⁶² CIBC; ²⁶³ CIBC; ²⁶⁴ CIBC; ²⁶⁵ CIBC; ²⁶⁶ CIBC; ²⁶⁷ CIBC; ²⁶⁸ CIBC; ²⁶⁹ CIBC; ²⁷⁰ CIBC; ²⁷¹ CIBC; ²⁷² CIBC; ²⁷³ CIBC; ²⁷⁴ CIBC; ²⁷⁵ CIBC; ²⁷⁶ CIBC; ²⁷⁷ CIBC; ²⁷⁸ CIBC; ²⁷⁹ CIBC; ²⁸⁰ CIBC; ²⁸¹ CIBC; ²⁸² CIBC; ²⁸³ CIBC; ²⁸⁴ CIBC; ²⁸⁵ CIBC; ²⁸⁶ CIBC; ²⁸⁷ CIBC; ²⁸⁸ CIBC; ²⁸⁹ CIBC; ²⁹⁰ CIBC; ²⁹¹ CIBC; ²⁹² CIBC; ²⁹³ CIBC; ²⁹⁴ CIBC; ²⁹⁵ CIBC; ²⁹⁶ CIBC; ²⁹⁷ CIBC; ²⁹⁸ CIBC; ²⁹⁹ CIBC; ³⁰⁰ CIBC; ³⁰¹ CIBC; ³⁰² CIBC; ³⁰³ CIBC; ³⁰⁴ CIBC; ³⁰⁵ CIBC; ³⁰⁶ CIBC; ³⁰⁷ CIBC; ³⁰⁸ CIBC; ³⁰⁹ CIBC; ³¹⁰ CIBC; ³¹¹ CIBC; ³¹² CIBC; ³¹³ CIBC; ³¹⁴ CIBC; ³¹⁵ CIBC; ³¹⁶ CIBC; ³¹⁷ CIBC; ³¹⁸ CIBC; ³¹⁹ CIBC; ³²⁰ CIBC; ³²¹ CIBC; ³²² CIBC; ³²³ CIBC; ³²⁴ CIBC; ³²⁵ CIBC; ³²⁶ CIBC; ³²⁷ CIBC; ³²⁸ CIBC; ³²⁹ CIBC; ³³⁰ CIBC; ³³¹ CIBC; ³³² CIBC; ³³³ CIBC; ³³⁴ CIBC; ³³⁵ CIBC; ³³⁶ CIBC; ³³⁷ CIBC; ³³⁸ CIBC; ³³⁹ CIBC; ³⁴⁰ CIBC; ³⁴¹ CIBC; ³⁴² CIBC; ³⁴³ CIBC; <</p>

TOKYO - Most Active Stocks						
Monday 10, May 1993						
	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Change on day
Mitsubishi Heavy	18.0m	744	+19	Japan Steel Wks	5.3m	+53
Green Cross Corp	11.6m	1,440	+80	Nippon Steel	4.0m	+58
Kobel Beam	92.0m	1,370	+13	Nippon Steel	3.7m	+22
Nippon Steel	9.0m	414	+40	Nippon Oil	4.6m	+69
Daewoo Air Main	5.8m	1,000	+60	Chiyoda & Co	3.0m	+70

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108	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
109	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
110	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
111	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
112	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
113	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
114	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
115	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
116	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
117	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
118	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59																																									

Continued on next page

NYSE COMPOSITE PRICES

Table with multiple columns: Stock, Price, Change, Volume, etc. Includes sub-sections like -S-, -T-, -V-, -W-, -X-, -Y-, -Z-.

NASDAQ NATIONAL MARKET

Table with multiple columns: Stock, Price, Change, Volume, etc. Includes sub-sections like -K-, -L-, -M-, -N-, -O-, -P-, -Q-, -R-, -S-, -T-, -U-, -V-, -W-, -X-, -Y-, -Z-.

AMEX COMPOSITE PRICES

Table with multiple columns: Stock, Price, Change, Volume, etc.

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AMERICA

US markets
stronger on
short-covering

Wall Street

THE US stock markets broke out of their four-day slump yesterday as a burst of short-covering by dealers at the opening sparked a round of early buying, writes Patrick Horsvorn in New York.

At 1 p.m. the Dow Jones Industrial Average was up 27.13 at 3,464.32. The more broadly based Standard & Poor's 500 was 2.65 firmer at 444.96, while the Amex composite was up 1.34 at 427.40, and the Nasdaq composite up 1.58 at 658.42. Trading volume on the NYSE was 126m shares by 1 p.m.

The week opened with investor sentiment still subdued amid growing concern about the economy, but there was some good news from Europe, where the existence of a fragile ceasefire in Bosnia reduced the likelihood that President Clinton would order an immediate military intervention in the region by US-led UN forces. Last week, analysts attributed some of the softness in markets to concern that US troops would soon become enmeshed in the Yugoslav civil war.

Political factors aside, and in the absence of fresh economic data, the markets yesterday were primarily hostage to technical forces.

At the opening, dealers bought stocks to cover recently-established short positions, both in the underlying cash and futures markets. This lifted prices sharply in the first hour, and persuaded investors to join in the buying, allowing the markets to gain some momentum for the first time in a while.

There was a similar pattern

to trading in drug stocks, which also recovered from recent losses. Johnson & Johnson rose 3/4 to \$44, Bristol-Myers Squibb added 3/4 to \$60.75, Merck added 3/4 to \$37.75 and Pfizer rose 3/4 to \$38.75. Eastman Kodak rose 1/4 to \$50.75 after two brokers houses, Merrill Lynch and Wertheim Schroeder, raised their ratings on the stock, apparently in anticipation that the company will soon announce the sale of an asset.

Some cyclical stocks were in demand, notably Caterpillar, up 1/4 to \$89.75, General Electric, 3/4 firmer at \$94.75, and Minnesota Mining & Manufacturing, up 3/4 to \$115.75. Philip Morris, which rose last week on the news that rival tobacco manufacturer RJR Nabisco was discontinuing price cuts on its discount brands, made further strides, rising another 1/4 to \$52.75 on volume of 3.2m shares.

On the Nasdaq market, Microsoft rose 2 1/2 to \$89.75 after brokerage firm Alex Brown made positive comments on the company.

Canada

TORONTO shares were mixed in midday trading, with weakness in the paper and forestry sector offset by strength in gold issues, which continued to rally on higher gold prices. The TSE-300 index eased 1.85 to 3,777.21.

Noranda, the most active issue at midday, rose 3/4 to C\$20.75. The financial services sector was off 1.61 to 3,910.05, with Scotiabank down 3/4 to C\$25.75.

SOUTH AFRICA

GOLD'S failure to recapture weekend losses and a generally poor outlook for industrial further depressed sentiment. The golds index shed 22, or 1.5 per cent, to 1,461, industrial 34 to 4,364 and the overall index 24 to 3,747.

EUROPE

Milan sheds 1.9% on Fiat, Generali weakness

BOURSES made a restrained start to the week with a dividend cut of the Danish referendum on Maastricht continuing to weigh on some investors.

MILAN was hit by weak Fiat and Generali stocks and technical selling ahead of tomorrow's expiry of Friday's options contracts and Friday's end of the monthly trading account. The Comit index shed 10.46 or 1.9 per cent to 532.62.

Some investors were also disappointed not to have seen a 1/4 point cut in the discount rate from its current 11 per cent in response to the continuing strength of the lira and Friday's confidence vote victory for Prime Minister Carlo Azeglio Ciampi.

However, Mr Nicholas Potter of Credito Italiano International in London believed that the new government would need to make progress on its additional fiscal package before the Bank of Italy would move.

Fiat continued to be hit by

last week's poor April car sales data and fears of a dividend cut. The shares fell 1.27 to fix at L6,330 before easing to L6,220 after hours.

Generali dipped 1,000 to settle at L37,950 and then slipped to L37,825 after-hours as analysts sought clarification of the complex Allianz rights issue, announced late on Friday, before concluding that it would not be unfavourable for shareholders. Allianz fell L672 to L17,035.

FRANKFURT closed marginally lower amid thin volume after early selling tested the 1,600 level. The DAX index closed down 2.59 to 1,609.03 after hitting a low of 1,600.73 in turnover of DM5.3bn.

Most stocks fell in line with the index. Commerzbank, however, plunged DM15 or 5.1 per cent, to DM277 on worries over Hafia Holding, the Danish insurer which filed for bankruptcy yesterday. Commerzbank is one of Hafia's leading creditors. Investors were slow to react to an announcement

FT-SE Actuaries Share Indices

May 10.		THE EUROPEAN SERIES									
Hourly changes		Open	10.30	11.00	12.00	13.00	14.00	15.00	Close		
FT-SE Eurotrack 100		1192.83	1193.30	1193.82	1192.12	1192.45	1192.43	1191.46	1192.74		
FT-SE Eurotrack 200		1197.43	1198.72	1198.08	1200.12	1200.70	1200.40	1200.22	1201.54		
		May 7	May 6	May 5	May 4	Apr 30					
FT-SE Eurotrack 100		1192.41	1192.03	1193.13	1193.13	1194.18	1194.18	1194.33			
FT-SE Eurotrack 200		1200.34	1205.10	1205.61	1207.82	1207.82	1206.78				
Sea rates 100 (24/10/95) Lighters: 100 - 1142.87 200 - 1033.54 Lowlands: 100 - 1138.23 200 - 1196.07											

Base rates 1000 (25/19/93) Nightingale: 100 - 1142.87; 200 - 1200.54; LowDay: 100 - 1138.49; 200 - 1195.07.

by Hoechst and Schering that talks were underway to merge the companies' agriculture chemicals sectors. While traders said the move would help the companies save costs, Hoechst fell DM2 to DM234, while Schering declined DM1 to DM788.50.

ZURICH put in a firm performance with the strong dollar and hopes for lower interest rates behind a 16.5 rise in the SMI index to 2,179.1.

Trading centred on UBS

bearers, SFR65 added to SFR300, and Roche certificates, SFR70

added to SFR450.

CS Holding added SFR50 to

Indices released

Aftermarket

Europe

FT-A World

1993

Source: Datastream

co-operation with Garuda of

Indonesia and made an upbeat

statement on plans with three

other European airlines to

defend market share. The CBS

Tendency index rose 0.9 to

108.8.

STOCKHOLM lost a little

momentum in late trading

after early gains on news of an

agreement between employers

and unions in the industrial

sector on a new two-year con-

tract for employees. The

Affarsvarlden index closed

down 0.30 at 1,068.40 in turn-

over of SKR1.2bn, with some

profit-taking in evidence fol-

lowing recent strong gains.

Since the beginning of the year

the index has risen some 15 per

cent.

COPENHAGEN was hit by a

latest opinion poll over the

Maastricht treaty indicating a

narrowing of the gap between

supporters and opponents. The

KFX index lost 0.48 to 87.37.

The index had been strong

recently on hopes of a positive

vote on the May 18 referen-

dum, but the latest Gallup poll

taken Sunday showed 46 per

cent approved the treaty while

34 per cent opposed the issue.

Den Danske Bank was hit by

Hafia Holding, the Dutch

insurer, filing for bankruptcy.

The bank, a leading creditor to

Hafia along with Commerz-

bank of Germany, fell DKR6 to

DKR319.

ISTANBUL surged 6.5 per

cent, the 75-share index rising

1.11 to 7,864.52.

ASIA PACIFIC

Nikkei regains 21,000 level on late futures activity

Tokyo

LATE short-covering in the futures markets triggered a program buying that erased the entire session's losses and lifted the Nikkei average above the 21,000 level for the first time since last year, writes Wayne Aponso in Tokyo.

The 225-issue average ended 243.35, or 1.2 per cent, higher at 21,051.71, after moving between 20,668.31 and 21,062.64. The last time that the index settled above 21,000 was on March 4, 1992. The Topix index of all first section issues rose 18.28 to 1,638.05, and in London the ISE/Nikkei 50 index firmed 1.41 to 1,278.12.

Volume was estimated at 500m shares, compared with Friday's final 57m. Advancing issues overwhelmed declines by 839 to 238, with 127 issues unchanged.

The day's advance will provide a boost to investors in the short term, but the question

facing equity trading is whether the Nikkei will maintain current levels.

Mr Masanori Hoshina, a manager of futures trading at Cosmo Securities, described the gains made in the final minutes of trading yesterday as a "mirage" which had minimal connection to fundamentals. Other brokers said the market was still considered expensive and that institutional investors pressed for revenue may sell into any subsequent advance above 21,000.

The pharmaceutical sector was targeted aggressively. Green Cross rose Y30 to Y1,440 on a weekend report that the company will conduct gene therapy for people infected with the HIV virus which causes AIDS. Shinogi, a leading pharmaceutical maker, gained Y33 at Y970, while Ono Pharmaceutical advanced Y200 to Y5,900.

Foreign investors purchased shipbuilding issues. Mitsubishi Heavy Industries, the day's

most active stock, rose Y10 to Y7,011, Mitsui Engineering and Shipbuilding Y8 to Y477 and Ishikawajima-Harima Heavy Industries Y6 to Y535.

But profit-taking pressured Canon after the company cut its consolidated pre-tax profits forecast on Friday by about 37 per cent for this calendar year due to the appreciation of the yen against the dollar. The shares lost Y50 to Y1,480.

Other issues in the export-related sectors also lost ground: Sony slipped Y40 to Y4,850, TDK Y20 to Y3,980 and Pioneer Electronic Y30 to Y2,580.

In Osaka, the OSE average ended 230.99 higher at 22,553.57 in volume of 29.4m shares.

Roundup

MANY of the region's mar-

kets were weaker yesterday.

HONG KONG met downward

pressure from a slide in HSBC

Holdings. The Hang Seng index

declined 62.42 to 6,739.23 in

turnover that contracted to

HK\$4bn from last Friday's

HK\$4.7bn.

HSBC receded HK\$1 to

HK\$98 and its Hang Seng Bank

unit lost HK\$1.50 to HK\$35.50.

HSBC is plagued by sugges-

tions that it has been linked to

the Indian stock market scandal.

It has 23 offices in India.

Cheung Kong dipped 30 cents

to HK\$26.60, while Hutchison

was unchanged at HK\$20.40.

AUSTRALIA was unsettled

by a lower earnings forecast

from Brambles Industries, the

transport group. The All Ordin-

aries index closed 13.3 lower

at 1672.0.

Brambles weakened 94 cents

to AS13, its lowest since

November 1990.

Elsewhere, BHP lost 14 cents

to AS13.90 and CRA slipped 22

cents to AS12.88.

Trade was subdued, with

255.5m shares worth AS232.3m

changing hands. Falls out-

paced rises by three-to-two.

Brokers said that the market

remained nervous, waiting for

leads from overseas or for

Germany and France cast their shadows

MARKETS IN PERSPECTIVE

	% change in local currency			% change sterling	% change US\$
	1 Week	4 Weeks	1 Year		
Austria	+0.77	-2.37	-16.82	+0.12	-1.50
Belgium	-1.17	-5.89	+1.13	+8.19	+6.24
Denmark	+4.86	+7.40	-8.28	+17.47	+16.06
Finland	+2.04	+14.77	+49.16	+48.59	+38.68
France	-2.57	-4.83	-7.26	-3.77	+7.51
Germany	-0.91	-2.57	-9.03	+5.73	+4.02
Ireland	-2.62	-3.10	-4.01	+23.47	+12.83
Italy	+2.77	+6.41	+17.78	+27.38	+23.66
Netherlands	+0.56	-1.48	+4.51	+9.42	+7.72
Norway	-1.46	+2.05	-9.32	+13.80	+13.12
Spain	-1.70	+1.83	-2.99	+12.67	+7.15
Sweden	+3.07	+5.54	+14.91	+10.89	+3.20
Switzerland	+1.52	-0.74	+1.44	+5.50	+4.12
UK	-0.89	-0.52	+1.49	-0.37	-3.64
EUROPE	-0.57	-0.86	-1.47	+4.86	+3.68

Australia	0.00	+0.55	-2.44	+8.94	+5.90
Hong Kong	-0.07	+8.53	+17.53	+24.08	+19.48
Japan	-0.30	+3.30	+16.78	+23.03	+33.67
Malaysia	+0.09	+8.40	+34.41	+20.92	+18.83
New Zealand	-2.72	+1.23	-4.95	+4.27	+6.71
Singapore	-1.80	+3.72	-8.03	+10.54	+17.12

Canada	-0.70	+4.78	-6.50	+9.71	+9.75
USA	+0.53	+0.14	+6.49	-1.43	-2.50
Mexico	+1.84	-7.77	-8.21	-7.72	-12.09
South Africa	+0.91	+6.03	+3.83	+19.49	+21.23
WORLD INDEX	+0.01	+1.14	+8.46	+8.90	+8.11

† Based on May 7th 1993. Copyright: The Financial Times Limited, Goldman Sachs & Co. and NatWest Securities Limited.

By Emiko Terazono

IN spite of a continued rally in the Scandinavian markets, weakness elsewhere in continental Europe depressed the region's overall performance.

Investors were unnerved by uncertainty over the Bosnian crisis which threatens economic and political stability in Europe, and continued gloom over the economic outlook. Germany moved lower amid a spate of corporate earnings announcements, while France was depressed by poor economic statistics.

The FT-Actuaries World index was virtually flat on the week, offset by the relative strength in the US, which itself was helped by a firm bond market.

Lower interest rates and hopes of a "yes" vote in the second Maastricht referendum lifted Denmark. Mr Yngve Ness, manager at Unibank Securities, believes that the market will be the best European performer this year. A further cut in interest rates is

expected after the May 18 referendum and the bond yield curve is expected to normalise in the near term.

An increase in liquidity due to lower domestic interest rates has also helped Finland and Sweden. However, among the Scandinavian markets, Sweden remains vulnerable to the domestic political situation and a large budget deficit, and may face profit-taking in the short run if interest rates fail to decline further.

Mr Paul Brunker, strategist at Robert Fleming, reckons that dull trading in France and Germany will continue in the near term. Among strong performers in Europe, he selects Spain, which is likely to resolve the currency crisis in the near term, and Italy, where investor confidence seems to be returning.

Hong Kong was subdued on cautiousness over the Sino-British talks. However, Mr Peter Lyon, strategist at Smith New Court, believes that due to the close links between the colony's interest rates and US rates, the easing on US bond markets will help Hong Kong.

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a cellular call in
Bermejillo, Mexico,
have to do
with a TV show in
Liverpool?

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First Quarter 1993 Results

	1993 (unaudited)	1992	% Chg
Sales (\$00,000)	\$2,457.8	\$2,287.1	7.5
Net income (\$00,000)	302.5	261.8	15.6
Earnings per share	1.01	.87	16.1
Assets (\$00,000)	24,331.9	23,810.0	2.2
Accounts Receivable (\$00)	12,961	12,590	3.4
Cellular Customers (000)	1,518	1,023	47.9

1993 net income and earnings per share are before extraordinary loss of \$88.4 million and cumulative effect of accounting changes totaling \$5.1 million.

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